

RECESS

Mr. COPELAND. Mr. President, if there is no further business to be transacted, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 3 o'clock p. m.) the Senate took a recess until tomorrow, Tuesday, May 10, 1938, at 12 o'clock meridian.

NOMINATION

Executive nomination received May 9 (legislative day of April 20), 1938

AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY

Joseph E. Davies, of the District of Columbia, now Ambassador Extraordinary and Plenipotentiary to the Union of Soviet Socialist Republics, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Belgium; also Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Luxemburg, vice Hugh S. Gibson.

HOUSE OF REPRESENTATIVES

MONDAY, MAY 9, 1938

The House met at 12 o'clock noon.

Rev. Michael J. Ryan, assistant pastor of St. Rose of Lima Church, Maywood, Calif., offered the following prayer:

Come, Holy Spirit, to replenish the hearts of Thy faithful and enkindle in them the fire of Thy divine love. Send forth Thy spirit and they shall be created and Thou shalt renew the face of the earth. O God, who by the illumination of the Holy Ghost didst instruct the hearts of Thy faithful, grant by the same Holy Spirit that we may have a right understanding in all things and always rejoice in His consolation, through Christ our Lord.

Our Father, which are in heaven, hallowed be Thy name. Thy kingdom come, Thy will be done, in earth as it is in heaven. Give us this day our daily bread and forgive us our trespasses as we forgive those who trespass against us; and lead us not into temptation, but deliver us from evil. Amen.

Seat of Wisdom, pray for us.

The Journal of the proceedings of Saturday, May 7, 1938, was read and approved.

CIVIL FUNCTIONS OF WAR DEPARTMENT APPROPRIATION BILL, 1939

Mr. SNYDER of Pennsylvania. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 10291) making appropriations for the fiscal year ending June 30, 1939, for civil functions administered by the War Department, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Chair appointed the following conferees: Mr. SNYDER of Pennsylvania, Mr. DOCKWEILER, Mr. TERRY, Mr. STARNES, Mr. COLLINS, Mr. POWERS, and Mr. ENGEL.

PERMISSION TO ADDRESS THE HOUSE

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. COCHRAN. Mr. Speaker, April 19 the gentleman from Michigan [Mr. SHAFER] submitted a resolution calling upon various Government agencies to submit to Congress immediately a statement showing any and all supplies and goods of every character purchased within the last 5 years from pro-

ducers in any country other than the United States for the use of the Civilian Conservation Corps.

No fault should be found with the gentleman from Michigan for offering the resolution as a responsible organization, the Chicago Live Stock Exchange, in convention, adopted resolutions charging this had been done.

A few days following the introduction of this resolution I placed in the RECORD letters from the various Government agencies, directly or indirectly, connected with the Civilian Conservation Corps denying such purchases were made.

By direction of the Committee on Expenditures I called upon the Chicago Live Stock Exchange for advice concerning the source of the information that resulted in the adoption of the resolution by that organization. This morning I have the reply and I ask unanimous consent to place the letter in the RECORD for the information of the Members of the House and the country.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

Mr. RICH. Mr. Speaker, reserving the right to object, may I ask the gentleman if those letters will contain the amount of farm produce imported into this country and the amount of manufactured articles which come into this country in competition with American labor, American manufacturers, and American farmers?

Mr. COCHRAN. The gentleman well knows that question is not involved at all. The question involved is whether or not the Government of the United States has purchased food from foreign countries for the Civilian Conservation Corps. That is the only question at issue.

Mr. RICH. I am not going to object to anything like that, but I think it would be a good thing if you would let the people of this country know how much farm products are being imported into this country.

Mr. COCHRAN. I suggest to the gentleman from Pennsylvania that he put that in the RECORD if he desires it to be published.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The letters referred to follow:

THE CHICAGO LIVE STOCK EXCHANGE,
TRANSPORTATION DEPARTMENT,
Chicago, May 7, 1938.

Mr. JOHN J. COCHRAN,
Chairman, Committee on Expenditures
in the Executive Departments, Washington, D. C.

DEAR SIR: In response to your inquiry of May 4 regarding House Resolution No. 466, am enclosing a copy of a letter forwarded by the Chicago Live Stock Exchange to Mr. Wheeler McMillen, editor of the Country Home magazine.

Am also enclosing a copy of his response and our letter seeking further information.

This correspondence is self-explanatory, and it would seem entirely proper for you to have this matter handled for early conclusion with the Country Home magazine, and we will greatly appreciate advice as to the result of your contacts with them.

Yours very truly,

H. R. PARK.

APRIL 21, 1938.

Mr. WHEELER McMILLEN,
Editorial Director, the Country Home Magazine,
250 Park Avenue, New York, N. Y.

DEAR SIR: The editorial page of the April 19, 1938, Country Home states that—

"One of our friends was particularly interested lately in a certain cargo that had just been unloaded at the harbor of New York City—piles of cases each labeled 'Packed Especially for C. C. C. Camps, Ogden, Utah.' Inside the cases was beef; the place of origin was Argentina."

Am enclosing a copy of a news item in the Chicago Tribune of April 19.

It seems as though there is some doubt as to whether there has been any imported meat purchased by the Government for their C. C. C. camps or any other agency or activities of the Government.

If you will be so good as to advise details, giving, if possible, the name of the person in question, the date, the name of the steamer, and, if possible, the quantity, and any other information that would be helpful by telegraph, collect, or, if more convenient, by air mail, your kindness will be greatly appreciated.

Yours truly,

H. R. PARK.

OMAHA, NEBR., April 24, 1937.

Mr. H. R. PARK,

Traffic Manager, Chicago Live Stock Exchange, Chicago, Ill.

DEAR MR. PARK: Since the publication of the editorial quoted in yours of April 21 flat denials have been issued from the Department of Agriculture and from the War Department. In the face of these denials I have no alternative for the time being than to stand corrected.

However, I have checked back with my original informant, who stands pat on his assertions. Other correspondence indicates that the beef has been seen in C. C. C. camps. Naturally I am investigating the matter from all angles and shall be glad to place in your hands any information which may come to me.

Frankly, I hope it may be developed that the denials are accurate, for certainly we have been importing ample quantities of meat without additional quantities coming in for Government use.

Very cordially yours,

WHEELER McMILLEN.

APRIL 27, 1938.

Mr. WHEELER McMILLEN,

Editorial Director, the Country Home Magazine, Care Hotel Fontenelle, Omaha, Nebr.

MY DEAR MR. McMILLEN: This will acknowledge receipt of your favor of April 24 responding to mine of April 21 regarding Government purchases of imported meats.

In my letter to you of April 21 I asked you to be so good as to advise the name of the person giving you the information, also the date, name of the steamer, and, if possible, the quantity, etc. The pier number in New York also would be helpful.

We have started a great deal of agitation in Washington and elsewhere, and this action on our part was made in good faith, relying upon the authenticity of the information contained in your highly valued paper.

In view of this we trust you will furnish us very promptly the desired information greatly obliging.

Yours very truly,

H. R. PARK.

WARNING ALL FARMERS!—WATCH OUT FOR THE STAND-PAT PROPAGANDISTS—DON'T LET THEM FOOL YOU! MAKE THEM STICK TO THE FACTS

Mr. FLETCHER. Mr. Speaker, I ask unanimous consent to address the House very briefly.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. FLETCHER. Mr. Speaker, at the beginning of this speech, it is only fair that I should pay a deserved tribute to the many statesman-minded Republicans who have demonstrated that they have the character and the courage to put the welfare of the country above political partisanship and come out wholeheartedly in loyal support of our foreign trade agreements program about which propagandists and partisan enemies of this administration are spreading so much malicious and false propaganda.

OUTSTANDING REPUBLICANS SUPPORTING OUR PROGRAM

It is gratifying to know that so many of the outstanding Republican leaders of the country are today among the strongest advocates of our foreign trade agreements program begun in the spring of 1934 and which is now operating so successfully to the benefit of our farmers.

Honorable Henry L. Stimson, formerly Republican Secretary of State in the Hoover administration, in addition to approving the objectives of the Roosevelt administration's foreign trade agreements program, endorsed the measure itself and urged that it be enacted into law.

A distinguished Republican Senator, one of the most prominent and influential among the Republican leaders of our time, has made a strong appeal for Republican support of this administration's foreign trade agreements program.

APPROVED BY REPUBLICAN CANDIDATE FOR VICE PRESIDENT

You are familiar with the strong arguments in favor of our foreign trade agreements made by the Honorable Frank Knox, Republican candidate for Vice President. Mr. Knox in his eloquent appeal to his fellow Republicans to put common sense and patriotism above partisanship in considering the many advantages of the Roosevelt administration's foreign-trade agreements has won national recognition for his courageous and statesmanlike leadership in behalf of this constructive program.

DO NOT LET THE CRITICS FOOL YOU, MR. FARMER

It is perhaps well to remind ourselves of the state of affairs that gave birth to this program which now is being so grossly misrepresented by self-appointed critics and by hopelessly reactionary politicians who find themselves slipping and out of step with their better-informed party leaders.

Do you remember how the economic depression had settled over the world like a blight in and following 1929 and do you remember how commodity prices the world over had slumped?

The buying power of important nations had dwindled sharply.

Each country was making frantic efforts to maintain its home market for its own producers.

HIGH HURDLES BLOCKED COMMERCE

The upshot was that a barricade of tariffs and trade restrictions of all kinds was raised throughout the world.

International commerce encountered hurdles which all but stopped it.

In terms of volume, world trade in 1933 had been reduced to about 70 percent of its 1929 level.

In terms of value, however, it amounted to but 35 percent of its 1929 level. The value of our own foreign trade declined from 9.5 billion dollars in 1929 to 2.3 billion in 1933, a decline of approximately three-fourths.

TANGLE OF TRADE BARRIERS

In previous great depressions the volume of international trade had not fallen off in such fashion as this, because when prices fall ordinarily the volume of trade is stepped up somewhat to take up the slack.

In the 1929-33 crisis, however, the tangle of trade barriers which had been erected across the channels of commerce actually had throttled no small part of the physical movement of commodities.

WORLD WENT TARIFF MAD

Our own Smoot-Hawley Tariff Act of 1930 had been one of the contributions to this structure of high world tariffs.

It was conceived as a barrier behind which our producers might enjoy more exclusively the American market, and it certainly did have the effect of helping to dry up the flow of foreign imports which, in the last analysis, represents the chief means of payment by which we can maintain an export trade.

The world went tariff mad, and we played our part in the drama quite efficiently.

A TWO-WAY BUSINESS

When the stagnation and depression, with resulting unemployment bore home its full force in this country, it was realized that something had to be done about this matter of trade barriers.

Trade is a two-way business.

In the long run, we cannot sell goods to the world unless we buy something from the world.

It was realized that the lost foreign markets for certain of our farm products, notably wheat, cotton, pork products, tobacco, and fruit, accounted for a part of the very serious situation existing in respect to those products.

If a step could be taken cutting directly through the artificial barriers that had commerce stalled, it would conceivably have a most beneficial effect for producers of certain of these great staples.

AGREEMENTS WITH MANY COUNTRIES

It was in this general set of circumstances that the trade-agreements program was conceived and begun.

It was a genuinely heroic attempt to meet an emergency situation with a forthright, but carefully executed, plan.

I have no hesitation in saying that the accomplishment of these agreements with many of our important customers has been an economic and political achievement of the first rank.

It has been carried through down to date without international friction and with credit to this country in every instance.

Up to this time these agreements have been negotiated with 17 countries which account for nearly 40 percent of our total foreign trade.

It is said now by some of our critics that the trade agreements have been harmful to agriculture.

It is said that they have brought in a lot of imports which compete with the products of American farmers. Now what are the facts?

WHAT THE FACTS SHOW

The fact is that the situation since 1933 has included just enough unusual circumstances that it is easy to make a superficial criticism of this kind. It is unfair for these critics to deceive and mislead the farmers.

It is indeed much easier to do that however, than it is actually to get down to the events themselves and examine the facts as they exist.

The facts really are very simple and very easily explained, but they can be twisted and misrepresented by selfish politicians so as to make a plausible criticism of the trade program.

It is true that we have had some increase in imports since 1934.

We have heard speeches on this subject in Congress and seen tables presented showing the imports of agricultural and other products during recent years.

TWO MAIN CAUSES OF INCREASE

To say that the increase of these imports has been due, or even largely due, to the trade agreements is to misstate the facts completely.

It has been due very largely to other causes.

The other causes are primarily two: First, the great droughts of 1934 and 1936 which made serious shortages in essential food and feedstuffs, and, second, the general improvement in economic conditions and in commodity prices and consumption in this country which naturally attracted more imports irrespective of the tariff situation.

It was these circumstances which brought a larger volume of certain foreign products into the country.

It was not the trade concessions, nor was it the production-control program of the A. A. A.

DROUGHTS CAUSED LOW PRODUCTION

In the 1934 and 1936 seasons, we had two of the worst droughts ever experienced in the United States.

The result was exceedingly low production of most of our grains, meats, and dairy products during those 2 years.

Supplies were short during the ensuing marketing seasons.

That fact, of course, raised prices of these things and made our market unusually attractive to foreigners who had supplies of these products to sell.

IMPORTS COMPARATIVELY SMALL

The imports in every case amounted to a comparatively small proportion of the shortage.

What they did do, however, was to prevent famine conditions.

In some cases, as, for example, fodder, and feedstuffs, such quantities as came into the country certainly were a boon to consumers no less than to farmers, for it is items such as these that kept the foundation herds and reservoirs of our national meat supply from being completely devastated.

UNFORESEEN CONDITIONS

When you are sizing up the significance of these imports, you must remember that the farmer did plant ample acreages to every one of the crops that were so hard hit later by the drought.

It was this unforeseen and unpreventable weather condition that brought low yields; it was not a restriction of acreage by man; it was a restriction of production by nature.

Had there been a complete embargo on foreign shipments during the subsequent marketing seasons, the farmers of the United States could not and would not have raised a single additional crop.

Moreover, although the imports in 1937 seem to sound like large figures, when we roll them out in proper style, the fact is that they formed only a very small percentage of our domestic production of most of the crops in question.

The relation of the so-called high 1937 imports to 1937 production for some of the leading items is as follows:

Commodity with percentage 1937 imports of 1937 production	
Corn	3.3
Wheat (42 cents and 10 percent ad valorem)	1.0
Barley malt	4.5
Rye	.4
Hay	.2
Butter	.7
Livestock and meat products ¹	2.8
Egg products ²	1.3
Dried milk	.003

¹ Includes live animals, beef and veal, pork, and lamb and mutton.
² 1936 figures. Computed on shell-egg basis.

This table is computed from official data on imports and production.

In view of those small percentages, any impartial observer will conclude that, even had imports been wholly prohibited, prices hardly would have been higher than they were and farmers would have received no additional income.

THE TRUE EXPLANATION

There are some items which we regularly import in large quantities and which were less seriously affected by the droughts than were grains and dairy products.

Among these are wool, hides, and skins.

Imports of those things had fallen to a low level in 1932 because the business of the country was at a low ebb and we were using only small quantities of such raw materials.

As business and demand improved in subsequent years, the imports of these items rose.

That is the actual and true explanation of such increased imports between 1932 and 1937.

One who is really interested in the truth back of these increased imports should give proper weight to the fact that industrial activity in the United States rose from an index of 64 to 110 during those years.

COMPARE LAST YEAR WITH 1929

Actually it is unfair to use 1932 as a basis for comparison. Our imports of almost all products, whether or not agricultural, were then at the lowest point in recent years, and that, as I have said, was due to the low prices and purchasing power existing at that time.

In many respects it would be more reasonable to compare last year's imports with those in 1929.

I have here a table making this comparison.

Upon looking at that table, one notes that in a number of cases our imports were higher in 1929 than they were last year (1937).

That is true of such items as cottonseed oilcake and meal, soybean oilcake and meal, meat products, egg products, and dried milk.

It is only in the case of those commodities that were most severely cut by the droughts that there was a large increase in imports between the two years.

I have mentioned that the A. A. A. program also has been blamed for this rise in imports.

We have seen tables of import commodities in the CONGRESSIONAL RECORD along with the assertion that the production-control program was partly responsible.

ONLY 7 OUT OF 23 AFFECTED

The fact is that in these tables of commodities so cited, the production-control program did not cover most of them.

Of 23 items which have been cited in this manner in criticism in the House, only 7 could possibly have been affected by the A. A. A. program—namely, corn, wheat, hogs, fresh pork, hams and bacon, cottonseed cake and meal, and rye.

Even in the case of these commodities (with the exception of cottonseed cake and meal), production was cut so sharply

by the droughts that any effect of the adjustment programs certainly was negligible.

THE CORN CROP

For example, the corn crop of 1936, marketed largely during the following year, amounted to only 1,507 million bushels, or 41 percent less than the 5-year average, 1928-32.

Figures for the exact number of acres removed from production during that year under the A. A. A. program are not available separately for corn.

The number of acres actually planted, however, was about 11 million less during 1936 than for the record post-war year 1932.

Even if it be assumed that, in the absence of an adjustment program, another record acreage would have been planted, production for 1936 would have reached only 1,672 million bushels.

It still would have been 35 percent below the 5-year average and large imports still would have been necessary.

I may add the final statement respecting these 23 import items that it is very hard to see how the reciprocal trade agreements program could have affected them, because the tariff has not been lowered except on two or three items, including cattle, but even in the case of cattle the duty reductions apply to only a limited number of head.

CROP SHORTAGE TO BLAME

If one wants further evidence that these abnormally large farm imports of recent years have been due chiefly to the droughts of 1934 and 1936, he will find it in the fact that in recent months, as the better crops of 1937 have come to market, imports have returned to normal proportions.

You can take the entire list of farm products imported, at which so much criticism has been leveled, and you will find that, with the exception of some of the meat products, imports have run less this year than last.

As nature has come back to more normal dealings with us, our purchases made from foreigners have dwindled to a more normal level.

It was not trade agreements that put these import figures up, and it is not trade agreements that is putting them down this year.

It was drought shortage that put them up, and it is the plentiful supplies of a better season that are allowing them to come down.

If one is really interested in our foreign trade in farm products, one should notice the recent trend of exports as well as imports.

I do not hear our critics saying anything about exports, and yet the fact is that in recent months we have been selling distinctly more farm products to foreigners, at the same time that we are buying less from them.

GREAT GAIN FOR FARMERS

The indexes of the quantity of agricultural exports from the United States for the first 8 months of the current fiscal year are considerably higher for all groups, except fruits, than they were for the like period of the preceding year.

The increase is particularly striking in the case of grains.

The Department of Agriculture export index shows the following percentage increase for the various groups during 8 months of the current fiscal year over the same period a year ago.

This table shows you how our trade agreements make money for farmers:

Percentage gain for our farmers

All commodities.....	32
All commodities, except cotton.....	98
Cotton fiber, including linters.....	9
Unmanufactured tobacco.....	13
Fruits.....	1
Wheat and wheat flour.....	363
Other grains and grain products.....	505
Cured pork.....	17
Lard.....	81

Exports of meat products, as well as grains, have shown a substantial gain.

Although lard export shows an 81-percent increase and cured pork 17 percent, even these percentages are not to be considered a full measure of the recovery of these items from the effect of the droughts.

They are merely preliminary increases due chiefly to reduction of stocks in anticipation of the larger supplies likely as a result of the large harvest of feed crops in 1937.

EXPORTS GAINING EVERY MONTH

The drought-affected commodities go right on gaining in export sales each month.

The February index of wheat exports, including flour (latest month available), was 20 percent higher than in January and it was more than six times as high as during February 1937.

The index for other grains and grain products was 20 percent higher than in January and 10 times as high as a year earlier.

Now if one wants to blame the trade agreements for the rise in imports, why should he not give credit to the trade-agreements program now when imports are falling and exports are rising? This means more money for our farmers.

It would be just as easy for me in this speech to make a plausible argument about the marvelous effects of this program in expanding our export market as it is for critics to lambast and misrepresent the program for bringing in more imports, as so many of them are doing. Evidently they think they can keep on fooling the farmers indefinitely.

WHY NOT STICK TO THE TRUTH?

But what we are interested in here is adherence to the facts. Farmers want the facts, and they have a right to demand the facts.

The fact is that the trade-agreements program played no appreciable part in the rise of imports nor, so far, has it played any very great part in expanding exports.

The droughts and economic conditions of the markets have been the major causes on both sides.

Now that we have better supplies of our own of these farm products, we are not having to buy so much from foreigners and, on the other hand, we have more to sell them.

Let us keep the record straight on this point.

PROSPERITY AHEAD

As for the future, we have every reason to believe that the stage is now set for real benefits from the trade-agreements program.

If the unprecedented droughts of 1934 and 1936 had not upset the whole picture of agricultural production in this country we would have seen the machinery functioning before this.

Now that we are getting back to normal, there is every reason to expect that the way is paved for a resumption of commerce with our neighbors along these various lines on a scale such as we have not seen since the great depression struck in 1929.

With the agreements already negotiated, it seems that the barricade of tariffs that has throttled our trade will at last be reduced and our farmers will be able once more to find some portion of that foreign market which has meant so much to them in former years.

DO NOT LET THE PROPAGANDISTS CONFUSE YOU

Do not let the partisan politicians mislead you.

Do not let the knockers and critics prejudice you.

Do not let the apostles of despair and the gloom-shooters befuddle you.

Make them stick to the facts. Make them tell you the truth.

If you are a Republican remember that outstanding and truly great leaders in the Republican Party are among the most enthusiastic, outspoken, and loyal supporters of the Roosevelt administration's trade-agreements program which

is designed to help bring permanent prosperity to America. Again, I repeat, "Don't let the critics fool you—make them stick to the facts."

EXTENSION OF REMARKS

Mr. SMITH of Washington. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD and include therein an address which I delivered at a banquet held at the Twenty-fifth Biennial Interstate Convention of the Sons of Norway on Saturday, May 7, 1938.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. MASON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a very short editorial from the Dallas Journal on the same subject.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. WELCH. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD at this point with reference to a bill I have today introduced authorizing operating subsidy contracts for a limited number of vessels engaged in the intercoastal commerce of the United States—the number of such vessels to be subsidized, their types, size, and speed, and the amount of the subsidy, under the provisions of the bill, must be approved by the President, the Maritime Commission, and the Secretary of the Navy. My statement also contains a letter from Admiral R. E. Ingersoll, Chief of the War Plans Division, United States Navy.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. WELCH. Mr. Speaker, I have today introduced a bill authorizing operating subsidy contracts for a limited number of vessels engaged in the intercoastal commerce of the United States—the number of such vessels to be subsidized, their type, size, and speed, and the amount of the subsidy, under the provisions of this bill, must be approved by the President, the Maritime Commission, and the Secretary of the Navy.

This is strictly a national naval defense measure based on the following communication addressed to me by Admiral R. E. Ingersoll, Chief of the War Plans Division, United States Navy:

Confirming the testimony which I gave before the House Committee on February 4 and my further telephone conversation with you this morning, the number of fast passenger ships we should like to use on very short notice in the event of an emergency is about 16, such vessels to be employed as hospital ships, transports, etc., with little or no conversion.

If such vessels were employed in foreign trade to the Orient, Australia, South America, or in the Atlantic, the indications are that only 40 percent of the vessels would be available on short notice at Pacific coast ports. Therefore, in order to have about 16 vessels available at Pacific coast ports there should be a minimum of about 40 vessels of this class in our merchant marine. I referred to this feature when I stated before the committee that it would be prudent policy to build about 50 vessels of this class.

After careful and mature consideration the Committee on Merchant Marine and Fisheries included a provision similar, but much broader in scope, section 30 in H. R. 10315, a bill to amend the Merchant Marine Act, 1936, to further promote the merchant marine policy therein declared, and for other purposes. When this bill was under consideration by the House recently section 30 was stricken from the bill, due largely, I believe, to an eleventh-hour barrage which was laid down against it by selfish sectional groups consisting of railroad and other interests in the Mississippi Valley. Section 30 of the maritime bill did not require the approval of the President and the Secretary of the Navy, and it did not contain the other limitations provided for in the bill which I have just introduced.

It has been stated that this bill, which is limited strictly to national defense, will meet with opposition from the same

selfish sectional interests which were responsible for the elimination of section 30.

Mr. Speaker, Japan has practically captured all of the passenger and freight traffic between the Pacific coast and that country. Japan's ships have been built as naval auxiliaries under the plans of Japanese naval authorities. As a result, she has eliminated practically all of our fast merchant vessels from the Pacific trade. Misled sectional interests of the Mississippi Valley who have for years been laboring under what seems to be an obsession with reference to our intercoastal trade is gradually succeeding in driving fast American-flag ships out of the intercoastal trade, leaving in that trade a class of ships that could not accompany our naval fleet across Chesapeake or San Francisco Bay, let alone the Pacific Ocean or any other ocean.

Mr. Speaker, the opposition of the interests referred to, and with the cooperation of the Maritime Commission, have forced the withdrawal of the fast 19- or 20-knot Grace Line ships, consisting of the *Santa Paula*, *Santa Elena*, *Santa Rosa*, *Antiqua*, *Chiriqui*, and the *Talamanca*, and the Panama Pacific Line 18-knot ships, including the *California*, *Pennsylvania*, and *Virginia*, from the intercoastal trade. The Panama Pacific ships, the last to leave the intercoastal service, are today lying at anchor deteriorating in New York harbor. Those who are responsible for the withdrawal of these vessels which could be used as excellent auxiliaries for the Navy from intercoastal traffic have predicated their fight upon the assumption that the cargoes carried on these ships would be added to the business of the railroads. No greater mistake could be made, as this will not add one carload of freight to railroad traffic. It simply transfers the cargo from the fast fleet to the slow-moving freight ships of a type and class which I have already stated would be of absolutely no service to the Government as auxiliary naval ships. It should be remembered that the Middle West interests who deny a limited subsidy to a limited number of fast ships of the type recommended by Admiral Ingersoll, have succeeded in raiding the United States Treasury for a subsidy of millions of dollars for barges on the Mississippi and Missouri Rivers. That the position taken by these Mississippi Valley railroad interests and those other interests which approved their position in that section is a narrow sectional view is evidenced by the fact that others having a similar but national interest in our railroads are not in accord with their viewpoint on this question. The president of the Southern Pacific Railroad Co., Mr. McDonald, taking a broad, national, and patriotic view, has publicly waived any objection to such a subsidy for the class, type, and number of vessels provided for in my bill.

Mr. Speaker, during the more than 13 years that I have been a Member of the House of Representatives I have represented a strictly urban population, entirely confined within the city limits of San Francisco. During this entire time I have, as the RECORD will show, consistently supported all farm legislation, because I have recognized the national significance and importance of this legislation. My vote will compare favorably with that of any Member of Congress representing the farm areas of the great Mississippi Valley. But I also recognize the necessity for an adequate Navy and naval auxiliaries to provide national naval defense. As Congressman CULPIN pointed out in connection with section 30 of the maritime bill, when it was under consideration, nothing will be taken from the Treasury by the passage of legislation as provided in this measure. The removal of these vessels from our intercoastal traffic stops the payment of Panama Canal tolls amounting to \$26,000 for each round trip. I sincerely hope the day will never come when it will be too late for this misled sectional group to regret their error in thus denying to the west coast of the United States the adequate national defense to which it is entitled.

Mr. MURDOCK of Utah. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein certain excerpts from party platforms and

statements of ex-Presidents of the United States on the question of Government reorganization.

The SPEAKER. Is there objection to the request of the gentleman from Utah?

There was no objection.

Mr. PACE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a letter from the Assistant Secretary of Agriculture, together with certain tables relating to the importation of farm commodities.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. ANDERSON of Missouri. Mr. Speaker, I ask unanimous consent that at the conclusion of the legislative program for today I may be permitted to address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. RICH. Mr. Speaker, I ask unanimous consent to address the House for one-half minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. RICH. Mr. Speaker, I call the attention of the Members of the House to the Treasury statement of May 4, showing we are \$1,267,512,721.93 in the red. Notwithstanding the fact the President promised in 1934 and 1935 that the Budget would be balanced. I also want to ask some of you on that side of the House where are you going to get the money to balance the Budget? All you think of is spend, spend, spend. Remember the day of reckoning is coming and coming fast. You are responsible for this situation—will you be men enough to meet it in a sound, sensible, business way? Oh, I do hope you will get some business into Government and forget politics. It is too serious to trifle longer.

[Here the gavel fell.]

DISTRICT OF COLUMBIA BUSINESS

The SPEAKER. This is District day. The Chair recognizes the gentleman from Maryland [Mr. PALMISANO].

DISTRICT OF COLUMBIA REVENUE ACT

Mr. PALMISANO. Mr. Speaker, I call up the conference report on the bill (H. R. 10066) to amend the District of Columbia Revenue Act of 1937, and for other purposes, and ask unanimous consent that the statement may be read in lieu of the report.

The Clerk read the title of the bill.

Mr. O'MALLEY. Reserving the right to object, Mr. Speaker, is this the bill dealing with taxicab liability?

Mr. PALMISANO. No; this is the conference report on the District of Columbia tax bill.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 10066) to amend the District of Columbia Revenue Act of 1937, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1, 3, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 37, 38, 39, 40, 41, 42, and 43, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

"(h) The provisions of this section shall become effective at 12:01 ante meridian on the day immediately following the date of approval of this Act.

"Sec. 6. (a) Title VI of such Act is amended to read as follows:

"TITLE VI—TAX ON PRIVILEGE OF DOING BUSINESS

"Sec. 1. Where used in this title—

"(a) The term "person" includes any individual, firm, copartnership, joint adventure, association, corporation (domestic or foreign), trust, estate, receiver, or any other group or combination, acting as a unit; and all bus lines, truck lines, radio communication lines or networks, telegraph lines, telephone lines, or any instrumentality of commerce, but shall not include railroads, railroad express companies, steamship companies, and air transportation lines.

"(b) The term "District" means the District of Columbia.

"(c) The term "taxpayer" means any person liable for any tax hereunder.

"(d) The term "Commissioners" means the Commissioners of the District or their duly authorized representative or representatives.

"(e) The term "business" shall include the carrying on or exercising for gain or economic benefit, either direct or indirect, any trade, business, profession, vocation, or commercial activity including rental of real estate and rental of real and personal property, in any commerce whatsoever in the District, in or on privately owned property and in or on property owned by the United States Government, or by the District, not including, however, labor or services rendered by any individual as an employee for wages, salary, or commission.

"The term "business" shall not include the usual activities of boards of trade, chambers of commerce, trade associations or unions, or other associations performing the services usually performed by trade associations and unions, community chest funds or foundations, corporations, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, or clubs or fraternal organizations operated exclusively for social, literary, educational, or fraternal purposes, where no part of the net earnings or income or receipts from such units, groups, or associations inures to any private shareholder or individual, and no substantial part of the activities of which is carried on for propaganda or attempting to influence legislation: *Provided, however,* That if any such units, groups, or associations shall engage in activities other than the activities in which such units, groups, or associations usually engage, such activities shall be included in the term "business": *Provided further,* That activities conducted for gain or profit by any educational institution, hospital, or any other institution mentioned in this subparagraph, are included in the term "business".

"(f) The term "gross receipts" means the gross receipts received from any business in the District, including cash, credits, and property of any kind or nature, without any deduction therefrom on account of the cost of the property sold, the cost of materials, labor, or services, or other costs, interest or discount paid, or any expense whatsoever: *Provided,* That any credits included by a taxpayer in a prior return of gross receipts which shall not have been collected during the period since the filing of the return in which the credit was included may be deducted from the gross receipts covered by the subsequent return: *Provided, however,* That if such credit shall be collected during a succeeding taxable period, such item shall be included in the return of gross receipts for such succeeding taxable period: *Provided further,* That the term "gross receipts" when used in connection with or in respect to financial transactions involving the sale of notes, stocks, bonds, and other securities, or the loan, collection, or advance of money, or the discounting of notes, bills, or other evidences of debt, shall be deemed to mean the gross interest, discount or commission, or other gross income earned by means of or resulting from said financial transactions: *Provided further,* That in connection with commission merchants, attorneys or other agents, the term "gross receipts" shall be deemed to mean the gross amount of such commissions or gross fees received by them, and as to stock and bond brokers, the term "gross receipts" shall be deemed to mean gross amount of commission or gross fees received, the gross trading profit on securities bought and sold, and the gross interest income on marginal accounts from business done or arising in the District: *Provided further,* That with respect to contractors the term "gross receipts" shall mean their total receipts, less money paid by them to subcontractors for work and labor performed and material furnished by such subcontractors in connection with such work and labor.

"(g) The term "fiscal year" means the year beginning on the 1st day of July and ending on the 30th day of June following:

"(h) The term "original license" shall mean the first license issued to any person for any single place of business and the term "renewal license" shall mean any subsequent license issued to the same person for the same place of business.

"Sec. 2. (a) No person shall engage in or carry on any business in the District without having a license required by this title so to do from the Commissioners, except that no license shall be required of any person selling newspapers, magazines, and periodicals, whose sales are not made from a fixed location and which sales do not exceed the annual sum of \$2,000.

"(b) All licenses issued under this title shall be in effect for the duration of the fiscal year in which issued, unless revoked as herein provided, and shall expire at midnight of the 30th day of

June of each year. No license may be transferred to any other person.

"(c) All licenses granted under this title must be conspicuously posted on the premises of the licensee and said license shall be accessible at all times for inspection by the police or other officers duly authorized to make such inspection. Licensees having no located place of business shall exhibit their licenses when requested to do so by any of the officers above named.

"(d) Licenses shall be good only for the location designated thereon, except in the case of licenses issued hereunder for businesses which in their nature are carried on at large and not at a fixed place of business. No license shall be issued for more than one place of business without a payment of a separate fee for each, except where a taxpayer is engaged in the business of renting real estate.

"(e) Any person not having an office or place of business in the District but who does or transacts business in the District by or through an employee or agent, shall procure the license provided by this title. Said license shall be carried and exhibited by said employee or agent: *Provided, however*, That where said person does or transacts business in the District by or through two or more employees or agents, each such employee or agent shall carry either the license or a certificate from the Commissioners that the license has been obtained. Such certificates shall be in such form as the Commissioners shall determine and shall be furnished without charge by the Commissioners upon request. No employee or agent of a person not having an office or place of business within the District shall engage in or carry on any business in the District for or on behalf of such person unless such person shall have first obtained a license as provided by this title.

"(f) The Commissioners may, after hearing, revoke any license issued hereunder for failure of the licensee to file a return or corrected return within the time required by this title as originally enacted or amended or to pay any installment of tax when due thereunder.

"(g) Licenses shall be renewed for the ensuing fiscal year upon application as provided in section 3 of this title: *Provided*, That no license shall be renewed if the taxpayer has failed or refused to pay any tax or installment thereof or penalties thereon imposed by this title as originally enacted or as amended: *Provided, however*, That the Commissioners in their discretion for cause shown may, on such terms and conditions as they may determine or prescribe, waive the provisions of this paragraph.

"Sec. 3. (a) Applications for license shall be upon a form prescribed and furnished by the Commissioners, and each application shall be accompanied by a fee of \$10: *Provided*, That no fee for the renewal of any license previously issued shall be required of any person if he shall certify under oath (1) that his gross receipts during the year immediately preceding his application, if he was engaged in business during all of such period of time, or (2) that his gross receipts as computed in section 5 of this title, if he was engaged in business for less than one year immediately preceding his application; were not more than \$2,000. Application for a renewal license may be made at any time. Application for a renewal license shall be made during the month of May immediately preceding the fiscal year for which it is desired that the license be renewed: *Provided*, That where an original license is issued to any person after the 1st day of May of any year, application for a renewal of such license for the ensuing fiscal year may be made at any time prior to the expiration of the fiscal year in which such original license was issued.

"(b) In the event of the failure of a licensee to apply for renewal of a license or licenses within the time prescribed herein, such licensee shall be required to pay for the renewal of each license the sum of \$5 in addition to the fees prescribed herein, and the license fee in no event shall be less than \$5 for each such renewal license.

"Sec. 4. (a) Every person subject to the provisions of this title, whose annual gross receipts during the preceding calendar year exceed \$2,000, shall, during the month of July of each year, furnish to the assessor, on a form prescribed by the Commissioners, a statement under oath showing the gross receipts of the taxpayer during the preceding calendar year, which return shall contain such other information as the Commissioners may deem necessary for the proper administration of this title. The burden of proof shall be upon the person claiming exemption from the requirement of filing a return to show that his gross annual receipts are not in excess of \$2,000.

"(b) The Commissioners, for the purpose of ascertaining the correctness of any return filed hereunder, or for the purpose of making a return where none has been made, are authorized to examine any books, papers, records, or memoranda of any person bearing upon the matters required to be included in the return and may summon any person to appear and produce books, records, papers, or memoranda bearing upon the matters required to be included in the return, and to give testimony or answer interrogatories under oath respecting the same, and the Commissioners shall have power to administer oaths to such person or persons. Such summons may be served by any member of the Metropolitan Police Department. If any person having been personally summoned shall neglect or refuse to obey the summons issued as herein provided, then, and in that event, the Commissioners may report that fact to the District Court of the United States for the District of Columbia, or one of the justices thereof,

and said court or any justice thereof hereby is empowered to compel obedience to such summons to the same extent as witnesses may be compelled to obey the subpoenas of that court.

"(c) The Commissioners are authorized and empowered to extend for cause shown the time for filing a return for a period not exceeding 30 days.

"Sec. 5. (a) For the privilege of engaging in business in the District during any fiscal year after June 30, 1938, each person so engaged shall pay to the Collector of Taxes a tax measured upon gross receipts in excess of \$2,000 derived from such business for the calendar year immediately preceding, as follows:

"1. That with respect to dealers in goods, wares, and merchandise, where the spread or difference between the cost of goods sold and the sale price does not exceed 3 per centum of the cost of the goods sold, one-tenth of 1 per centum of such dealers' gross receipts; where such spread or difference exceeds 3 but does not exceed 6 per centum, two-tenths of 1 per centum of such dealers' gross receipts; and where such spread or difference exceeds 6 per centum but does not exceed 9 per centum, three-tenths of 1 per centum of such dealers' gross receipts; and where such spread or difference exceeds 9 per centum, four-tenths of 1 per centum of such dealers' gross receipts. The cost of such goods, wares, and merchandise sold shall be determined after considering the inventories both at the beginning and at the end of the period covered by the return and purchases made during such period, and such inventories shall be valued at cost or market, whichever is lower, and shall be in agreement with the inventories as reflected by the books of such dealers. The cost of goods, wares, and merchandise shall be the actual purchase price, including the prevailing freight rate to the dealer's place of business in the District. The burden of proving under which classification the taxpayer shall be taxed shall be upon the taxpayer, and, unless the taxpayer shall by proof satisfactory to the assessor show to the contrary, the spread or difference between the cost of goods, wares, and merchandise sold by the taxpayer and the selling price of such goods, wares, and merchandise shall be presumed to be in excess of 9 per centum of the cost of the goods, wares, and merchandise sold, and the taxpayer shall be taxed accordingly.

"2. All persons, other than those mentioned in subparagraph (1) of this paragraph shall pay a tax equal to four-tenths of 1 per centum of the gross receipts derived by such persons from such business.

"(b) If a taxpayer shall not have been engaged in business during the entire calendar year upon the gross receipts of which the tax imposed by this title is measured, he shall pay the tax imposed by this title measured by his gross receipts during the period of one year from the date when he became so engaged; and if such taxpayer shall not have been so engaged for an entire year prior to the beginning of the fiscal year for which the tax is imposed then the tax imposed shall be measured by his gross receipts during the period in which he was so engaged multiplied by a fraction, the numerator of which shall be 365 and the denominator of which shall be the number of days in which he was so engaged.

"(c) If a person liable for the tax during any year or portion of a year for which the tax is computed acquires the assets or franchises of or merges or consolidates his business with the business of any other person or persons, such person liable for the tax shall report, as his gross receipts by which the tax is to be measured, the gross receipts for such year of such other person or persons together with his own gross receipts during such year.

"Sec. 6. National banks and all other incorporated banks and trust companies, street railroad, gas, electric lighting, and telephone companies, companies incorporated or otherwise, who guarantee the fidelity of any individual or individuals, such as bonding companies, companies who furnish abstracts of title, savings banks, and building and loan associations which pay taxes under existing laws of the District upon gross receipts or gross earnings, and insurance companies which pay a tax upon premiums shall be exempt from the provisions of this title.

"Sec. 7. (a) The taxes imposed hereby shall be due on the 1st day of July of the fiscal year for which such taxes are assessed and may be paid, without penalty, to the collector of taxes of the District in equal semiannual installments in the months of October and April following. If either of said installments shall not be paid within the month when the same is due, said installment shall thereupon be in arrears and delinquent and there shall be added and collected to said tax a penalty of 1 per centum per month upon the amount thereof for the period of such delinquency, and said installment with the penalties thereon shall constitute a delinquent tax.

"(b) Any tax on tangible personal property levied against, and paid by, the taxpayer to the District, within the time prescribed by law for the payment of such tax by the taxpayer, shall be allowed as a credit against the tax imposed by this title for the taxable year in which such tax on tangible personal property is paid.

"Sec. 8. If a return required by this title is not filed, or if a return when filed is incorrect or insufficient and the maker fails to file a corrected or sufficient return within twenty days after the same is required by notice from the assessor, the assessor shall determine the amount of tax due from such information as he may be able to obtain, and, if necessary, may estimate the tax on the basis of external indices such as number of employees of the person concerned, rentals paid by him, stock on hand, and other factors. The assessor shall give notice of such determination to the person liable for the tax. Such determination shall fix the tax, subject

however to appeal as provided in sections 3 and 4 of title IX of this act.

"Sec. 9. Any person failing to file a return or corrected return within the time required by this title shall be subject to a penalty of 10 per centum of the tax due for the first month of delay plus 5 per centum of such tax for each additional month of delay or fraction thereof.

"Sec. 10. Any notice authorized or required under the provisions of this title may be given by mailing the same to the person for whom it is intended by mail addressed to such person at the address given in the return filed by him pursuant to the provisions of this title, or if no return has been filed then to his last-known address. The mailing of such notice shall be presumptive evidence of the receipt of the same by the person to whom addressed. Any period of time which must be determined under the provisions of this title by the giving of notice shall commence to run from the date of mailing such notice.

"Sec. 11. The taxes levied hereunder and penalties may be assessed by the assessor and collected by the collector of taxes of the District in the manner provided by law for the assessment and collection of taxes due the District on personal property in force at the time of such assessment and collection.

"Sec. 12. Any person engaging in or carrying on business without having a license so to do, or failing or refusing to file a sworn report as required herein, or to comply with any rule or regulation of the Commissioners for the administration and enforcement of the provisions of this title shall, upon conviction thereof, be fined not more than \$300 for each and every failure, refusal, or violation, and each and every day that such failure, refusal, or violation continues shall constitute a separate and distinct offense. All prosecutions under this title shall be brought in the police court of the District on information by the corporation counsel or his assistant in the name of the District.

"Sec. 13. The Bureau of Internal Revenue of the Treasury Department of the United States is authorized and required to supply such information as may be requested by the Commissioners relative to any person subject to the taxes imposed under this title.

"Sec. 14. Except in accordance with proper judicial order or as otherwise provided by law, it shall be unlawful for the Commissioners or any person having an administrative duty under this title to divulge or make known in any manner the receipts or any other information relating to the business of a taxpayer contained in any return required under this title. The persons charged with the custody of such returns shall not be required to produce any of them or evidence of anything contained in them in any action or proceeding in any court, except on behalf of the United States or the District, or on behalf of any party to any action or proceeding under the provisions of this title, when the returns or facts shown thereby are directly involved in such action or proceeding, in either of which events the court may require the production of, and may admit in evidence, so much of such returns or of the facts shown thereby, as are pertinent to the action or proceeding and no more. Nothing herein shall be construed to prohibit the delivery to a taxpayer, or his duly authorized representative, of a certified copy of any return filed in connection with his tax, nor to prohibit the publication of statistics so classified as to prevent the identification of particular returns and the items thereof, or the inspection by the corporation counsel of the District, or any of his assistants, of the return of any taxpayer who shall bring action to set aside or review the tax based thereon, or against whom an action or proceeding has been instituted for the collection of a tax or penalty. Returns shall be preserved for three years and thereafter until the Commissioners order them to be destroyed. Any violation of the provisions of this section shall be subject to the punishment provided by section 12 of this title.

"Sec. 15. This title shall not be deemed to repeal or in any way affect any existing Act or regulation under which taxes are now levied, or any license or license fees are now required.

"Sec. 16. Sections 2 and 3 of this title shall be effective upon the approval of this Act. The remaining sections of this title shall be effective July 1, 1938. This title shall expire June 30, 1939.

"Sec. 17. Appropriations are hereby authorized for such additional personnel and expenses as may be necessary to carry out the provisions of this Act.

"Sec. 18. The proper apportionment and allocation of gross receipts with respect to sources within and without the District may be determined by processes or formulas of general apportionment under rules and regulations prescribed by the Commissioners."

"(b) The amendment made by this section shall not affect the taxes imposed and the licenses required by the provisions of title VI of such Act for the fiscal year ending June 30, 1938."

And the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"Sec. 6. There is hereby authorized to be appropriated out of the revenues of the District of Columbia the sum of \$10,000, for the employment of professional and clerical services in connection with a survey and study of the entire tax structure of the District of Columbia, including taxes paid by public utilities, to be made under the direction of the Joint Committee on Internal Revenue Taxation. Such sum shall be available for necessary expenses, and for personal services without regard to civil-service

requirements, the Classification Act of 1923, as amended, or section 3709 of the Revised Statutes. A report of such survey, with recommendations, shall be made to Congress not later than January 15, 1939."

And the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment, as follows: On page 18 of the Senate engrossed amendments, in line 23, strike out "in the District for at least five years," and in lieu thereof insert "for at least ten years"; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment, insert "it"; and the Senate agree to the same.

JACK NICHOLS,

EVERETT M. DIRKSEN,

Managers on the part of the House.

WILLIAM H. KING,

ROYAL S. COPELAND,

ARTHUR CAPPER,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 10066) to amend the District of Columbia Revenue Act of 1937, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendments Nos. 1, 3, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 39, 40, 41, and 42: These amendments are of a clerical or clarifying nature. The House recedes on all these amendments with an amendment on No. 36, which makes a further clerical change.

On amendment No. 2: The House bill provided that title VI of the District of Columbia Revenue Act of 1937, imposing a business privilege tax, be continued in effect for the limited purposes of enforcing tax liability and penalties imposed and incurred during the effective period of that title; and to require the filing of returns required by that title. The Senate amendment reenacts title VI of the District of Columbia Revenue Act of 1937 for an indefinite period of time, with clarifying alterations and additions, and with graduated rates of taxation with respect to dealers in merchandise, in lieu of a flat rate as provided in title VI of the Revenue Act of 1937. In addition, the Senate amendment reduced the exemption of gross receipts from \$2,000 to \$1,000. The conference report adopts the provisions of the Senate amendment with the following changes: The conference report includes a clerical provision for the effective date of section 5 of the act. The exemption of gross receipts from the measurement of tax is increased from \$1,000 to \$2,000. Sections 2 and 3 of title VI are made effective upon the approval of the act. Title VI shall expire June 30, 1939. To clarify subsection (b), section 4, the Commissioners are authorized to examine the books, papers, etc., of any person bearing upon any matter required to be included in any return.

On amendment No. 4: The Senate amendment provides that title VII of the District of Columbia Revenue Act of 1937 be amended by providing for an appropriation of \$10,000 for the employment of professional and clerical services in connection with a survey and study of the tax structure of the District of Columbia to be made under the direction of the Commissioners of the District of Columbia. The conference report adopts the provisions of the Senate amendment with a change providing that the survey and study of the tax structure of the District be made under the direction of the Joint Committee on Internal Revenue Taxation.

On amendment No. 6: The House bill provided for the establishment of a Board of Tax Appeals for the District of Columbia, consisting of three members, two of whom shall be attorneys in active practice of law for at least 5 years next preceding their appointment, one of whom shall be chairman of the Board, and one member a certified public accountant. The House bill further provided that the salary of the chairman should be \$8,000 per annum, and of the other members \$7,000 per annum. The Senate amendment reduces the membership of the Board to one person, with a salary of \$7,500 per annum, with the requirement that such person be an attorney in active practice of law in the District of Columbia for at least 5 years next preceding his appointment. The conference report adopts the Senate amendment with the following change, namely: That the member of the Board shall be in active practice of law for at least 10 years next preceding his appointment.

On amendment No. 38: The House bill (which established a board of tax appeals of three persons) provided that upon disqualification of one of the members the Commissioners may appoint a person in the stead of such disqualified member. The Senate amendment (which establishes a board of one person) eliminates the disqualification provision. The conference report adopts the Senate amendment.

On amendment No. 43: The House bill imposed a tax of 50 cents a barrel on all beer sold by a holder of a manufacturer's or

wholesaler's license. The Senate amendment exempts from such taxation beer which is purchased from a licensee under the act. The conference report adopts the Senate amendment.

JACK NICHOLS,
EVERETT M. DIRKSEN,
Managers on the part of the House.

Mr. PALMISANO. Mr. Speaker, although I personally did not sign this conference report, I have called it up because that is the regular routine. I am opposed to the conference report. In view of this situation, I yield 30 minutes to the gentleman from Illinois [Mr. DIRKSEN], who is in favor of the conference report.

Mr. DIRKSEN. Mr. Speaker, I yield 15 minutes to the gentleman from Oklahoma [Mr. NICHOLS].

Mr. NICHOLS. Mr. Speaker, this is the Revenue Act of 1938 for the District of Columbia. Most of you are familiar with what has taken place during the long hearings on this bill and the long deliberation and debate over what form of tax should be passed to form the basis for this year's revenue bill. The Committee on the District of Columbia reported to the House an income-tax bill, which was defeated by the House. That left in the bill a provision for an increase of 25 cents in the tax on real property in the District of Columbia, which brings the rate to \$1.75. Besides that, the bill contained a provision for the creation of a Board of Tax Appeals, together with some amendments to the 1937 act, with respect to motor vehicles. There were also a few other minor features.

The real meat of the bill now comes back from the Senate to this body for consideration in the form of a so-called business privilege tax. I may say that probably the best way to explain this tax is to say that it is identically the same bill both branches of the Congress passed last year, with but few exceptions. Last year the business privilege tax for the District of Columbia imposed a tax upon the gross receipts of business done in the District of Columbia of two-fifths of 1 percent. The subcommittee of the District of Columbia this year spent weeks and weeks in writing another business-privilege tax. We found there had been some injustices done under the old business privilege tax by reason of the single two-fifths of 1 percent rate. We attempted to cure as many of these injustices as possible by dropping the rate from two-fifths of 1 percent to one-tenth of 1 percent as a minimum on those businesses which earned less than 3 percent over the taxable year, the percentage to be based on the selling price of an article less its cost and the freight to Washington. Then we graduated the rate upward. If the earning is 3 percent, then the business pays a tax at the rate of one-tenth of 1 percent. If the earning is 6 percent, the rate is two-tenths of 1 percent. If it is 9 percent, the rate is three-tenths of 1 percent. On all earnings above 9 percent the rate is four-tenths of 1 percent, which is back to the maximum, or two-fifths of 1 percent, the full rate we had last year. We have now reduced the rate to one-tenth of 1 percent as the minimum, with two-fifths of 1 percent as the maximum.

I believe there will probably be objection made to this form of tax for the District of Columbia. I believe every one in the House will agree I made rather a determined fight to pass an income-tax bill for the District of Columbia this year. Therefore, it is readily understood I am not ready to say this is the ideal form of tax for the District of Columbia. However, the situation is simply that we have not been able to pass an income-tax law and I do not believe we will be able to do so. It has been suggested by some of the business organizations of the District of Columbia that there should probably be passed a sales tax in the District. The Committees on the District of Columbia in both branches of the Congress have not thought it wise to propose for passage a sales tax. It is my judgment that such a tax could not pass either branch of the Congress anyway.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. Just let me finish my statement, and then I will yield.

Therefore, we are now back to the point where unless we go back to the business-privilege tax we had last year there is only one source left from which to raise the revenue that must be obtained, and that is a tax on real estate.

[Here the gavel fell.]

Mr. NICHOLS. Mr. Speaker, I yield myself 2 additional minutes.

And this will be forcing the citizenship of this city to pay all of their taxes based upon real estate, and of course it is my opinion that the tax base should be broadened, and the broader the better.

My personal opinion is that the District of Columbia, in its scope, is very closely related to a State. We already have an estate and inheritance tax, and I think we should have, in connection with that, an income tax and probably a small sales tax, plus the real-estate tax. Then you have broadened the base of taxation and spread the burden of taxation so thinly that no one is hurt. However, this is the best we can do at the moment under the circumstances, and unless this bill is passed we will place all of the burden of financing the city government upon the man or woman who has been thrifty enough to acquire a home; and I do not believe the House of Representatives wants to do this.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman.

Mr. MARTIN of Massachusetts. Do I understand that if a manufacturer sends goods to Washington he is obliged to pay this tax?

Mr. NICHOLS. If a manufacturer sells goods in Washington—

Mr. MARTIN of Massachusetts. I mean if he sells to a retailer who resells them.

Mr. NICHOLS. Yes; he is.

This is not contained in the law and, of course, comes under regulations, but the regulations as laid down by the corporation counsel's office last year provided this peculiar quirk. If a salesman comes to the District of Columbia and solicits business from the retailer, the retailer, under their interpretation of the law, will have to pay the tax. If he does not come here and solicit business, and it is mailed in, he does not pay the tax—a very peculiar regulation.

[Here the gavel fell.]

Mr. NICHOLS. Mr. Speaker, I yield myself 2 additional minutes.

Mr. SABATH. Mr. Speaker, will the gentleman yield for a question?

Mr. NICHOLS. I yield to the gentleman from Illinois.

Mr. SABATH. The gentleman stated that if this report was not agreed to there would be only a real-estate tax imposed in the District. Is there not a personal-property tax here?

Mr. NICHOLS. Oh, yes.

Mr. SABATH. So the real estate would not carry the entire burden.

Mr. NICHOLS. I will say to my friend from Illinois that at the moment the forms of taxation here are real and personal property tax, inheritance and estate taxes, and provided in this bill is a 50-cent-per-barrel tax on beer, and, of course, there is already in existence a 2-cent gasoline tax. This forms at the moment your basis of taxation, with the exception of the 50-cent-per-barrel beer tax.

Mr. SABATH. Who is opposed to an income tax for the District of Columbia?

Mr. NICHOLS. I could not tell my friend, but I may say to him that they are in goodly numbers in the House of Representatives. I think we received some 67 votes in the House of Representatives for the income-tax bill just the other day.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman.

Mr. RICH. The gentleman spoke about assessing a one-tenth of 1 percent tax on merchants whose income is 3 percent or less.

Mr. NICHOLS. Whose earnings are 3 percent or less.

Mr. RICH. And you gradually raise that to two-fifths of 1 percent when the earnings are more than 9 percent. Is not that going to require a complicated manner of figuring out this tax, and will not the District require a lot of data and extra bookkeeping in order to get these figures?

Mr. NICHOLS. It will not be complicated, I will say to my friend, because we fix a yardstick in this bill; and if the gentleman will look at the bill, he can understand it easier than to have me explain it. I believe the yardstick is well understood, and there will not be any complications.

Mr. SHORT. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from Missouri.

Mr. SHORT. Really, this is a concession made to the businessmen of the city and of the District of Columbia in reducing the tax from two-fifths of 1 percent down to one-tenth.

Mr. NICHOLS. That is right.

Mr. SHORT. This is a concession to that extent.

Mr. NICHOLS. The reason we have to do that is because the produce merchants, for instance, who do a great volume of business, do so on a very small margin, and we had to do something to take care of them, as well as the tobacco men and others.

Mr. SHORT. But I understand the real-estate tax is the same this year as last year, \$1.75 per \$100?

Mr. NICHOLS. Exactly the same; yes.

[Here the gavel fell.]

Mr. NICHOLS. Mr. Speaker, I yield myself 2 additional minutes.

Mr. GREENWOOD. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman.

Mr. GREENWOOD. What is the rate on real estate fixed in the bill?

Mr. NICHOLS. The rate is fixed for 1 more year at \$1.75.

Mr. GREENWOOD. And this business-privilege tax covers all lines of business like hotels, apartment houses, and everything else where there is a gross income from business?

Mr. NICHOLS. Every line of business is covered. There are some exemptions in the bill. For instance, we exempt in this bill financial institutions, and the reason we do that is because they are already paying in the District of Columbia from 4 to 6 percent gross on their business.

Mr. GREENWOOD. If a man sells a piece of real estate, is that considered as an income upon which to figure a tax?

Mr. NICHOLS. It is.

Mr. GREENWOOD. Any individual or businessman?

Mr. NICHOLS. It is.

Mr. TARVER. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from Georgia.

Mr. TARVER. Do I understand the gentleman to say that if a traveling man comes to the District of Columbia representing a nonresident firm or corporation and takes an order from a local retailer, that the concern outside of the District must pay this gross-receipts tax?

Mr. NICHOLS. Yes.

Mr. TARVER. It is clearly a violation of the Constitution.

Mr. NICHOLS. Would my friend like a further answer?

Mr. TARVER. Yes.

Mr. NICHOLS. I may say to my friend from Georgia that this is the interpretation placed on this provision by the corporation counsel's office. Some of us are very anxious to see that the regulation is changed.

Mr. TARVER. It is clearly a violation of the Constitution. [Here the gavel fell.]

Mr. DIRKSEN. Mr. Speaker, I yield myself 5 minutes.

Mr. PALMISANO. Mr. Speaker, I note that there is considerable interest in this conference report. I feel that not a sufficient number of Members are present. I make the point of order, Mr. Speaker, that a quorum is not present.

The SPEAKER. The gentleman from Maryland makes the point of order that a quorum is not present. Evidently a quorum is not present.

Mr. PALMISANO. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 70]

Ashbrook	Culkin	Jenckes, Ind.	Schulte
Barden	Deen	Jenkins, Ohio	Scrugham
Barry	Delaney	Johnson, Okla.	Shanley
Biermann	Dempsey	Kennedy, Md.	Sirovich
Binderup	Dickstein	Keogh	Smith, Maine
Boland	Disney	Kirwan	Smith, W. Va.
Boykin	Ditter	Kopplemann	Somers, N. Y.
Boylan, N. Y.	Dorsey	Long	Stack
Buckley, N. Y.	Douglas	McFarlane	Starnes
Bulwinkle	Faddis	McGehee	Steagall
Caldwell	Fish	McGranery	Sullivan
Cannon, Wis.	Flannagan	McMillan	Sumners, Tex.
Casey, Mass.	Flannery	Mansfield	Sweeney
Celler	Frey, Pa.	Mitchell, Tenn.	Taylor, Colo.
Champion	Gifford	Norton	Taylor, S. C.
Clark, Idaho	Gildea	O'Connor, Mont.	Tobey
Claypool	Gingery	O'Leary	Wearin
Cole, Md.	Gray, Pa.	O'Toole	Wene
Cole, N. Y.	Hancock, N. Y.	Pettengill	Whelchel
Colmer	Hancock, N. C.	Phillips	White, Idaho
Connerly	Hart	Polk	Wood
Cooley	Hartley	Quinn	
Crosby	Holmes	Rockefeller	
Crowther	Jarman	Rogers, Okla.	

The SPEAKER. On this roll call 333 Members have answered to their names, a quorum.

On motion of Mr. PALMISANO, further proceedings under the call were dispensed with.

The SPEAKER. The gentleman from Illinois is recognized for 5 minutes.

Mr. DIRKSEN. Mr. Speaker, if we can have just a few moments I think we can dispose of this conference report; but if there is too much noise and confusion in the Chamber this thing will run on for the 1 hour allotted under the rules. I am satisfied, as I say, that with just a little cooperation on the part of the Members we can dispose of this thing very satisfactorily.

Mr. Speaker, we bring to you a very perplexing situation. You are considering a conference report on the District Revenue Act for 1939. This conference report comes to you signed by three Senators and two House Members, but the chairman of the House Committee on the District of Columbia is opposed to this conference report. This is rather an odd situation and I shall engage you no longer than is necessary to make a brief explanation of the material contained in the conference report.

You will remember that when the House District Committee came before this House along the latter part of February or early in March we brought you what we thought was a well-considered, well-adapted tax program for the District of Columbia. It contained some clarifying provisions of the collection laws for taxes, set up a board of tax appeals, made some changes in the gasoline revenue, and finally incorporated an income tax. The House in its omniscience and in its infinite wisdom decided it would prefer to put that income tax in the discard rather than incorporate it into law, with the result that the bill left the House and went to the Senate minus a very substantial portion in the form of the income tax.

It was necessary to raise \$2,500,000 revenue in order to balance the budget of the District. That would have been accomplished by the income tax. When the bill got over to the Senate that body restored the business-privilege tax that has been in effect in the District of Columbia for the last fiscal year. Do not forget that. The thing that we are reenacting in this bill, with some modifications, has been on the statute books of the District for the last fiscal year and is in operation at the present time. The present business-privilege tax raises approximately \$2,000,000.

The business-privilege tax is the only point of disagreement between the three Members of the Senate and the two Members of the House on the one side and the chairman of the District Committee on the other; namely, the incorporation into this conference report and into the bill as enacted by the Senate the business-privilege tax.

I will be honest and fair with the Members of the House; I fought for an income tax. I do not approve this kind of legislation; but we are up against a real condition and not a

theory, and you have your choice: You can either follow the gentleman from Maryland when he makes his argument, and strike this out in order to help the Baltimore and Maryland merchants, or you can raise the real-estate tax upon the property owners in the District of Columbia. It is very easy to argue that the real-estate rate ought to be higher. It is very easy to argue that the swanky apartment buildings and hotels are not paying their portion of the real-estate tax; but the fact of the matter is that if you hike this real-estate tax from \$1.75 to \$2 you will be penalizing the small-home owner as well as the swanky apartment building.

You are going to penalize the man who is buying a home on contract as well as the man who owns the most palatial mansion on Massachusetts Avenue. I am not in favor of raising the real-estate tax in order to get this revenue, when we can do it for 1 year at least by means of a business-privilege tax.

I made a concession in conference by stating very explicitly that I did not like a business-privilege tax but that I would go along if a limitation for 1 year is put on; so, this will run only for the fiscal year 1939, and no longer. By way of an offset provision we wrote into this bill that the Joint Committee on Internal Revenue and Taxation shall conduct a study between now and January next year and report the kind of a tax bill that is best adapted and best suited to the District of Columbia.

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Speaker, I yield myself 5 additional minutes.

Mr. Speaker, it seems that despite the efforts of most of the members of the committee with reference to a tax bill, it has not found grace and favor with this august body. We shall have until next year to pursue a study on another very complicated tax bill. We are going to ask the joint committee that does work on a national scale to undertake this task, and I hope, if there is more dignity, more substance, and more ability in that committee, so far as revenue and taxation are concerned, that next year we shall inscribe upon the statute books for the District of Columbia a real, durable, genuine tax bill.

I am appealing to you now in anticipation of the very persuasive argument that my good friend from Maryland is going to make to you in a little while to stand by five out of the six conferees, that you stand by my friend the gentleman from Oklahoma [Mr. NICHOLS] and myself. The gentleman from Oklahoma [Mr. NICHOLS], incidentally, was chairman of the subcommittee that gave months of study to this matter. He was in favor of an income tax, as was I, but we cannot be choosers in the matter. We are squarely up against the job of providing about \$2,500,000 of additional revenue for the District of Columbia in order to avoid the necessity of the Commissioners exercising a discretionary power that they now have under the law of raising this real-estate tax to \$2.

If you want to penalize all the little-home owners, then I suggest you vote against the adoption of the conference report. If, on the other hand, you are willing to go along with five out of the six conferees and put this on the books for another year until we can fabricate a good, worth-while tax program for the Nation's Capital, then I suggest that you follow five-sixths of the committee and vote to approve the conference report as it is submitted to you today.

That is all I have to say. I am going to yield a few minutes to the gentleman from Indiana [Mr. GREENWOOD].

Mr. FORD of California. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from California.

Mr. FORD of California. In most States the average home owner pays a good deal more than \$2 a hundred tax.

Mr. DIRKSEN. The gentleman must remember that the tax rate is predicated on full valuation and it lies wholly in the mind of the assessor usually as to what constitutes full, fair, cash value, or market price. If you will compare the actual tax in dollars and cents that is paid by the average home owner in the District of Columbia with what

is paid in the State of California, you will find that they do not miss your valuation and your aggregate tax very far.

This committee has had an opportunity to make these studies. We are not guessing at it because in the hearings we inserted a number of properties to show the comparative taxation in the different jurisdictions. Do not be misled by that argument.

Mr. LAMNECK. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Ohio.

Mr. LAMNECK. Is it not true that the business people of the District are in favor of continuing this business-privilege tax another year?

Mr. DIRKSEN. The businessmen mainly are in favor of continuing this for another year.

Mr. Speaker, I now yield 7 minutes to the gentleman from Indiana [Mr. GREENWOOD].

Mr. GREENWOOD. Mr. Speaker, it is always difficult to adjust taxes as between various groups. We must all admit there are inequalities in any sort of tax law when we compare one group with another, but I think the conferees in this report have worked out their differences and have a conference report that should be approved.

Much has been said this morning about a business-privilege tax. In Indiana we have a similar tax which we call a gross-income tax. There is a small tax paid on the volume of gross sales or income of all classes, even down to those who obtain salaries. The rate is small but the amount of taxes raised is quite substantial. I am in favor of that type of tax rather than to raise the tax on real estate, because a real-estate tax falls as a burden largely upon the home owners. Many of the home owners of the District of Columbia, the same as in the various States, own but a small equity in the particular piece of property. They may have paid \$1,000, \$2,000 or so and are paying on the partial-payment plan, yet the appraisement on that real estate, of course, is always at the full proportionate value. This makes the burden of taxation on the home owner extremely high for the amount of investment or money he has in the property. But on a gross-income or business-privilege tax, they pay upon volume. If a man does a hundred thousand dollars' worth of business a year, he pays on that hundred thousand dollars of business. People do business for profit and if they have volume and do not make a profit there must be something wrong with the management. It is just to pay a tax on volume. A business firm that does \$100,000 worth of business ought to pay more tax than a small firm.

After all, the businessmen in the District of Columbia have the great advantages of streets, lights, fire protection, and police protection. This is one of the richest spots in the United States in which to transact business, because Uncle Sam is the best paymaster in the United States. There is more money circulating around here than in any other State or community in the United States. There is more sure money here. There are also thousands of tourists and visitors who come in here and help contribute to this gross-income or business-privilege tax. These visitors and tourists spend their money here in the Capital.

Mr. Speaker, I say that this is a just tax. The statement is made that perhaps they do not make a profit.

If they have volume, they make a profit and they pay on volume. Since when has that been used as a basis for figuring taxes? Suppose a man has a dwelling and it is vacant 6 months of the year, do the taxes cease on that because it is vacant and is yielding the owner nothing? If a man has a business building and it is vacant, he does not get any profit from that. Do we waive taxes on that building? Not at all. He pays just the same. This business-privilege tax is not based on the theory that he receives a profit, but it is based on volume. Any businessman who has volume ought to receive a profit or there is something the matter with the management. This tax ought to be carried like insurance or the cost of hired help or improvements or anything else, in the overhead expense of business. The businessman ought to pay something to

his Government in the way of a small tax for the privilege of transacting business, and he should carry it as one of the overhead expenses of his business because of the advantages he receives from the municipal government.

I know the chairman of the committee, the gentleman from Maryland [Mr. PALMISANO], will argue that this additional tax on beer ought not to be placed, but as between a tax on the sale of beer and a tax on the home owner, I am in favor of increasing the tax on beer and giving the advantage to the home owner.

This administration has made a very generous effort to help the home owners of America to own homesteads in which to house their families. The administration set up the Home Owners' Loan Corporation, which has redeemed thousands of homes and helped people to pay for their homes. We want to make America an advantageous place for men and women to have their homes. The civilization and progress of this country and of every nation are based upon the number of home owners we have. Where any advantage is to be given to any taxpayer, it ought to be given to the home owner because of the many other expenses he has to meet in the maintenance of his home and because he does not keep a home for profit but because of social security and for the advancement of our civilization and progress. I would even be willing to lower the tax upon homes or real estate, or give the owners some sort of exemption, and place the burden upon business by way of a business-privilege tax, or upon beer or some other commodity. I am one of those who believe the home owner ought to be given an advantage in the way of taxation as far as possible, not in the entire elimination of the tax burden, as he ought to pay his part, but he should not have an extra burden placed upon him because he has a little property that is out in sight where the assessor can see it.

Mr. O'CONNELL of Rhode Island. Without homes there would be no government.

Mr. GREENWOOD. I thank the gentleman for his contribution. Without homes in America or in any other nation there would be no civilization, no government, or no progress.

I am for this report, and I am for the increased tax that has been placed on beer. Some people have to have beer, or so they say, but I believe we need homes more than we need the sale of beer, so I believe they can carry that load. On gasoline a volume tax, a special tax, is paid without an exemption. If those who sell gasoline can add 2 cents a gallon to the price, and on oils in accordance, and the Federal Government can also levy a Federal tax, and they can pay it, other lines of business can pay a similar tax for the advantages they receive. [Applause.]

[Here the gavel fell.]

Mr. PALMISANO. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. BIGELOW].

Mr. BIGELOW. Mr. Speaker, if we were to put a 4-percent tax on the entire land value of the District of Columbia we could abolish all other taxes, including all taxes on the home owners' houses. However, I want to address myself to this proposal.

I am against agreeing to this report, first of all, because I am against the principle announced here by the gentleman from Oklahoma [Mr. NICHOLS] as to broadening the base of taxation. We have the personal-property tax, we have a real-estate tax, and we have beer taxes, and now you want a business-privilege tax, and you would like to have a sales tax. I am asking, however, if you have all these taxes, who is going to pay them except the people who either own homes or rent homes. It is proposed to let this thing stand, which means you are going to put a business-privilege tax upon people whom all the home owners and home renters have to pay, and you are going to spend \$40,000 in overhead to collect this tax. On the other hand, if you raise additional revenue by an increase of a few cents in the real-estate tax it will not cost you a nickel. I will venture that the people who own or rent homes would be paying less if you did that than if you put on this business-privilege tax.

Again, if you raise the real-estate tax by the few cents necessary, the people of this District will still be paying lower real-estate taxes than the people of any city of comparable size in the United States, with the single exception of Baltimore. I cannot understand the love the Members of this House have for the landlords of this city in that you should insist upon keeping a rate of taxation upon them lower than the rate the owners of real estate in our own homes have to pay. [Applause.]

[Here the gavel fell.]

Mr. PALMISANO. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. ARNOLD].

Mr. ARNOLD. Mr. Speaker, I am grateful to the chairman of the committee for yielding me 2 minutes of his time, because I am on the opposite side with reference to this business-privilege tax. As a member of this subcommittee, I may say we labored long and diligently on the business-privilege tax, and at the request of the businessmen of the District we inserted another tax, the income tax, which was stricken from the bill in this House. The bill went to the Senate, and there our business-privilege tax was inserted. I am one who does not believe the business-privilege tax is the best tax in the world. I favor a sales tax for this District, the same as I favor a sales tax for the States of the Union, but they say we cannot pass a sales tax for the District of Columbia in this Congress. I believe the business-privilege tax is the next best tax to adopt to supplement the real-estate tax. The real-estate tax rate in this District seems low, but I may say to you the valuation in many cases is more than the price at which the property will sell. As a result, the amount of dollars in taxes paid by the people of the District equals or compares favorably with that paid in other jurisdictions in this Nation. I am opposed to real estate bearing the burden of all the taxation to run the District of Columbia. I favor the adoption of this business-privilege tax to supplement the real-estate tax.

Mr. Speaker, I hope the House, in its wisdom, will adopt the report of five of the six conferees and agree to this business-privilege tax for the District of Columbia.

[Here the gavel fell.]

Mr. PALMISANO. Mr. Speaker, I yield 5 minutes to the gentleman from Georgia [Mr. TARVER].

Mr. TARVER. Mr. Speaker, if the gentleman from Oklahoma is correct in his interpretation of what this conference report means, it ought to be unanimously rejected. It contains one provision which I believe, if you clearly understand, you will agree with me is exceedingly iniquitous. In effect, it provides that whenever a traveling salesman, and I am stating it now not in the language of the report, but in common, everyday language, representing a firm or corporation in your State or mine, comes into the District of Columbia and takes an order for the subsequent delivery of goods which are thereafter shipped in interstate commerce, that concern in your State or mine must pay a gross-receipts tax to the District of Columbia.

If any such proposal should be made by a State legislature, endeavoring to levy a gross-receipts tax upon transactions in interstate commerce occurring in that State, there would be no question in the mind of any lawyer but that the proposal would be absolutely in violation of the Constitution of the United States and an undue and illegal burden on interstate commerce. In my judgment, the situation is not distinctly different because Congress is acting for the District of Columbia, because when it acts for the District its duties are analogous to those of a State legislature. However, if the situation were otherwise, and if the provision were constitutional, I submit to you that it is distinctly unfair that Congress should be willing to levy for the District of Columbia a character of tax on interstate commerce, commerce with the several States, which the States themselves cannot levy upon commerce with the District of Columbia or with each other.

Consider what this means. If a traveling salesman representing any of the great business houses of the country comes into this District and takes an order for the delivery

of goods, it is proposed here to tax that transaction by the authorities of the District. In my State, and in my own district, we have concerns who ship into the District of Columbia yearly hundreds of thousands of dollars worth of goods—bedspreads, for example. Some of them send agents up here to take orders, and that is the sole extent to which they engage in business in the District of Columbia, and yet under the proposal contained in this conference report it is intended to levy upon their sales here a gross-receipts tax. I say it is in violation of the Constitution, and even if that were not so, it is in violation of every principle of justice and of fair dealing, and so far as I am concerned I am tired of the actions of the men who, representing the District of Columbia here on this committee, are endeavoring to have the rest of the country pay taxes for the maintenance of the government of the District of Columbia.

Mr. DIRKSEN. Mr. Speaker, will the gentleman yield?

Mr. TARVER. I will be glad to yield to the gentleman, who is one of the gentlemen whom I had in mind. The gentleman agitated a while back for having Members of Congress pay income taxes to support the government of the District of Columbia and now he wants the business of the other States of the Union to contribute to the maintenance of the government of the District.

Mr. DIRKSEN. We could do without the gratuitous observations of the gentleman from Georgia, but will the gentleman point out the language of the bill where we are in contravention of the commerce clause of the Constitution? I defy the gentleman to do it.

Mr. TARVER. Oh, the gentleman may defy—

Mr. DIRKSEN. Point out the language.

Mr. TARVER. Every lawyer on this floor knows that it is beyond the power of a State legislature to impose any burden of this kind upon imports coming into a State, to impose any burden upon interstate commerce, and I had stated, if the gentleman had been listening to what I had said, that in the discharge of its duties as a legislative body for the District of Columbia, Congress is performing duties analogous to the duties of a State legislature, and it ought to be held, in my judgment, substantially to the same rule either as a matter of constitutional law or as a matter of justice and of fair dealing.

Mr. DIRKSEN. The gentleman still has not pointed out the language in the bill.

Mr. TARVER. That is only the gentleman's opinion. The language was pointed out in the beginning of my remarks.

[Here the gavel fell.]

Mr. PALMISANO. Mr. Speaker, I yield myself 15 minutes.

Mr. Speaker, before I proceed on this bill, I would like to correct some of the statements made by my colleagues the gentlemen from Illinois, Mr. DIRKSEN and Mr. ARNOLD. They said I was the only member of the conference committee who was opposed to this legislation. The true story is that both these gentlemen from Illinois and my good friend here from Oklahoma were members of the committee considering the tax question, and in the committee print they put the privilege tax and an income tax.

We had 292 pages of testimony before the committee. It was the universal testimony of all who appeared before the committee, whether they lived in the District of Columbia or elsewhere, that they condemned the business-privilege tax. For that reason the three gentlemen now representing the subcommittee who are now advocating the adoption of the business-privilege tax recommended to the whole Committee on the District of Columbia that the business-privilege tax be eliminated and that an income tax be substituted therefor.

While this matter was under discussion in the committee, I attended a meeting at the Willard Hotel where 1,500 merchants of the District of Columbia condemned the business-privilege tax 100 percent. When, however, an income tax was substituted, these same gentlemen came in and asked for the business-privilege tax. In other words, that attitude

was, "Let us hit the little consumer as much as we can by way of a sales tax; but if you will not give us a sales tax, let us hit the little consumer as much as we can—not as much, perhaps, as a sales tax, but as much as we possibly can—by a business-privilege tax instead of the income tax."

Mr. FITZPATRICK. Mr. Speaker, will the gentleman yield?

Mr. PALMISANO. No; I cannot; I am sorry.

You heard the gentleman who preceded me say that this has been modified somewhat. Modified in behalf of whom? Modified in behalf of the big fellow at the expense of the little fellow. Let me call your attention to the testimony before the committee. I questioned my good friend from Oklahoma and called attention to the fact that the farmer and the man handling his produce would have to pay on the gross receipts of their business regardless of whether there was a profit or not; whereas the banker, the financier, paid only on his actual profit. I also called the attention of the gentleman from Oklahoma to the situation with regard to contractors. Remember, now, the farmer and the man who handled his produce pay on gross receipts; but the contractor over on the other side was given a lot of deductions. Whereas the farmer must pay on all his produce, the commission man who handles the farmer's produce and receives a commission from the farmer pays only on his actual income.

Let me show you the facts with respect to the bankers and financiers. The way the bill is drawn a banker may do a \$200,000 business and make a net profit of perhaps \$10,000, on which he would pay two-fifths of 1 percent under the bill. Should he pay two-fifths of 1 percent on the \$200,000, it would amount to \$800 on a profit of \$10,000. But suppose the farmer—and what I say now I said last year; I opposed this same thing a year ago—suppose the farmer brought in \$200,000 worth of produce. Even though he lost \$50,000, he would still be compelled to pay a tax on the \$200,000.

In reference to this exemption for contractors, I call attention to page 24, line 15 of the bill.

Mr. NICHOLS. Mr. Speaker, will the gentleman yield?

Mr. PALMISANO. I yield.

Mr. NICHOLS. The gentleman is mistaken.

Mr. PALMISANO. I am calling attention to page and line. Get the bill and see whether I am mistaken. The bill reads:

With respect to contractors, the term "gross receipts" shall mean their total receipts less money paid by them to subcontractors for work and labor performed and material furnished by such contractors in connection with such work and labor.

What would happen if a contractor came into the District of Columbia and obtained a \$1,000,000 contract? He would sublet it and all he would have to pay would be on the profit he made, \$100,000 or so.

Mr. THOM. Mr. Speaker, will the gentleman yield?

Mr. PALMISANO. I yield.

Mr. THOM. But will not the subcontractors be subject to the same tax?

Mr. PALMISANO. Yes; but you exempt the general contractor.

That is true. How about the farmer who brings in goods to a merchant in the city? He pays on his gross receipts and the storekeeper who sells the goods pays on the basis of his gross receipts. Here you except the bankers, the railroads, and the general contractors, who only pay on the basis of the actual profit obtained.

Let me show you what my friend from Oklahoma had in mind when he talked about this. Speaking about the contractor, I call attention to this:

Mr. NICHOLS. But if he is a good contractor he will very likely add two-fifths of 1 percent to the contract cost, which is part of the cost.

Mr. PALMISANO. But sometimes the truth is when the contractor makes a contract he thinks he is hitting into good sand and dirt and finally he hits rock.

Mr. NICHOLS. In which event everyone is sorry for the contractor, but we have pointed out that it is impossible to legislate for individual cases. We cannot do that. We have to pass legislation assuming that businessmen are businessmen. If they lose money, we are sorry. We simply cannot help that.

The Senators who put this privilege tax in eliminated the contractor. My good friend from Oklahoma, when we were considering the case, said they ought to be included. The Senators exempt them, as I have stated. Let me show you something else to demonstrate how they are trying to hit the little fellows. Last year we had an exemption of \$2,000. Can you imagine a man selling \$2,000 worth of goods. He may make a profit at the rate of 20 percent, which would give him about \$400 or \$500 profit. He has to pay a tax. But the Commissioners of the District of Columbia thought that was too much of an exemption, so they wanted to eliminate that. In the bill it is set at \$1,000. We asked them why, and they said that all of the taxicab drivers were claiming that they did not earn \$2,000 and the Commissioners said they want to catch them all, so recommended that it be put back to \$2,000.

I am only calling this to your attention to show the attitude of the people in the District who are recommending this bill. They want to eliminate the million-dollar contractor, but want to put the taxicab drivers within the \$1,000 limit and will not exempt the so-called little merchants of any kind.

The statement has been made that this tax will be put on the real-estate owners. The tax rate here is \$1.75. Under the general law the District Commissioners have a right to raise or reduce the real-estate tax. In many instances they have reduced, but never raised. We compelled them to raise it to \$1.75, and this bill now calls for \$1.75.

Mr. LUCAS. Will the gentleman yield?

Mr. PALMISANO. I yield to the gentleman from Illinois.

Mr. LUCAS. Is that rate based on the full valuation?

Mr. PALMISANO. I do not know. That is a question of appraisal.

Mr. LUCAS. It is very important when you make a comparison with other cities.

Mr. PALMISANO. That is what they say. I do not know. I do not think any Member can say that is true unless he takes the statement of someone else.

Mr. LUCAS. It is very important if you are making a comparison with some other city to ascertain whether it is based on full valuation or partial valuation.

Mr. PALMISANO. They say that is true, but I know nothing about it. I would be compelled to repeat what I have heard, which would be hearsay evidence.

I hope the conference report will not be adopted. The Commissioners will have the right to raise the taxes from \$1.75 to \$1.90 or \$1.95, which will be sufficient to make up the deficit. Not only that, but the Commissioners of the District of Columbia do not consider the proceeds from the various license laws as a revenue-producing proposition. The baseball ground out here pays \$5 a year. Drug stores pay \$12 a year. The Commissioners say that is all it costs a year to cover inspection, as it is called. I say if we turn down the report this year, the Commissioners next year will come in here with some sort of a recommendation that is more satisfactory. If we turn down this conference report it will make them get down to work and they will bring in here a revenue bill that we can all agree to and not have a lopsided bill wherein they tax the little fellow and exempt the big fellow wherever they possibly can. It is the duty of the Members of the House to vote down this conference report, thereby telling the Commissioners to study and work a little more and bring in a proper bill for the Members of Congress.

I hope this conference report will be voted down.

Mr. Speaker, I yield back the balance of my time.

Mr. NICHOLS. Mr. Speaker, I hope no one in the House will fail to understand the position that my distinguished friend from Baltimore finds himself in as chairman of this committee. By reason of the close proximity of Baltimore to Washington and by reason of this tax and the feeling of the businessmen in Baltimore, my friend could take no other position than that which he has taken. The gentle-

man from Maryland [Mr. PALMISANO] had something to say about contractors. This is only a sensible proposition. We, of course, provided that the main contractor would pay on that part of the contract money he had left over and that the subcontractor, to whom the general contractor sublets, under his contract would pay on his part of the contract. That is all there is to it.

Mr. PALMISANO. Will the gentleman yield?

Mr. NICHOLS. I only have 4 minutes.

Mr. PALMISANO. That is true so far as the general contractor is concerned, but I cite testimony on page 143 wherein the gentleman stated that was not true.

Mr. NICHOLS. Oh, yes. The contractors wanted to be exempted.

Mr. PALMISANO. Does the gentleman relieve the farmers of their sales and put them on any other basis except gross receipts?

Mr. NICHOLS. The gentleman will have to yield me more time if he is going to make a speech. Insofar as the farmers are concerned, in the first place the business they do in the District is practically nil. I venture the assertion that the farmers that bring produce to the District of Columbia and sell it on the street never pay a penny of tax. Who is going to collect it? What is the machinery provided to find out when they sell a head of lettuce or a bunch of radishes? That is just simply ridiculous. Of course, we made provision for the produce man, because he deals in a tremendous volume of business and on the very narrowest margin of profit. We exempted banking institutions. We did that because they already pay from 4 to 6 percent gross on every dime's worth of business they do.

The gentleman from Maryland [Mr. PALMISANO] talks about the exemption of \$1,000. It is now \$2,000. We put it right back where it was last year. The Senate did reduce it to \$1,000. In the conference we conferees insisted that it go back, and it is in the bill today at \$2,000. The license fee, of which the gentleman speaks, is on the books at \$5 for the ball park, \$12 for drug stores, and so forth. I have been trying to get that revised ever since I have been here. We should not blame the Commissioners, because they cannot do anything about it. That is the province of this body, and we have to do it. This is the only bill I know of that will make the ball park pay anything like its proportionate share of the burden of taxes, because under this bill they will pay two-fifths of 1 percent on the gross business done at the ball park, whereas, before this bill, do you know what they paid? Five dollars per annum, and that is all.

Insofar as this bill applies to nonresident merchants who do business in the District of Columbia, as I pointed out earlier, last year the corporation counsel's office made a ruling that they would have to pay a business-privilege tax on all the business they did in the District of Columbia. The reason they had to pay all that was that when we wrote the bill last year we failed to provide in it for allocations. This year we have written into the bill a provision for allocation, and I will give you an example.

Mr. FULMER. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. Let me finish my statement, and then I will yield.

Last year if a Maryland company shipped a carload of gasoline to the District of Columbia and sold it in the District the company had to pay a tax on the entire carload of gasoline.

[Here the gavel fell.]

Mr. PALMISANO. Mr. Speaker, I yield 1 additional minute to the gentleman from Oklahoma.

Mr. NICHOLS. Under this year's allocation provision the merchant could find that only 50 percent of the gasoline was sold in the District of Columbia, so he would have to pay a tax on only 50 percent. So it would apply to other businesses.

The gentleman from Maryland says that when we had this bill up for consideration nobody testified in behalf of the

business-privilege tax. The gentleman is correct. Every citizens' association in Washington representing the businessmen of Washington wanted to impose a sales tax on the District of Columbia and its citizens in order that business would not have to pay the tax. After we put an income-tax provision into the bill the same citizens' associations appeared before the Senate committee and insisted the income tax would cost them more; so it was they who helped you vote down the income-tax provision, and then they went before the Senate committee and asked for this business-privilege tax. No later than this morning Mr. Caruthers, president of the Federation of Citizens' Associations in the District of Columbia, representing thousands of businessmen in the District, called my office and said they were 100 percent behind the passage of the business-privilege tax, so they have done an exact about-face. [Applause.]

[Here the gavel fell.]

Mr. PALMISANO. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, I wish to thank my colleague, the gentleman from Oklahoma, for telling you, as I did, that there was not a single individual in the District who wanted this business-privilege tax, because, as I said, certain people wanted a sales tax which hit the little consumer more, but the minute they realized it would cost them a little more by an income tax, the very men who recommended to our committee that we vote against the business-privilege tax went to the Senate and, to use a common expression, double-crossed the District Committee of this House. They said "no" here and then "yes" on that side.

[Here the gavel fell.]

Mr. PALMISANO. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

Mr. PALMISANO. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. PALMISANO. As I understand, a vote against the conference report will be "no," and I would be confirmed.

The SPEAKER. The Chair is of that opinion.

The question is on the conference report.

The question was taken; and on a division (demanded by Mr. PALMISANO) there were—ayes 94, noes 32.

So the conference report was agreed to.

A motion to reconsider was laid on the table.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Crockett, its Chief Clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9682) entitled "An act to provide revenue, equalize taxation, and for other purposes."

The message also announced that the Senate insists upon its amendments to the bill (H. R. 10216) entitled "An act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1939, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. TYDINGS, Mr. BYRNES, Mr. ADAMS, Mr. MCCARRAN, and Mr. HALE to be conferees on the part of the Senate.

INSURANCE OF TAXICABS IN THE DISTRICT OF COLUMBIA

Mr. PALMISANO. Mr. Speaker, I call up the conference report on the bill (H. R. 7084) to provide that all cabs for hire in the District of Columbia be compelled to carry insurance for the protection of passengers, and for other purposes, and ask unanimous consent that the statement be read in lieu of the report.

The Clerk read the title of the bill.

Mr. O'MALLEY. Reserving the right to object, Mr. Speaker, may I ask the gentleman from Maryland what agreement can be made with regard to the division of time on this matter?

Mr. PALMISANO. Under the rule I am allowed an hour, but I am willing to give half that time to the opposition, led by the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. The gentleman, of course, controls the time and he will have to parcel it out.

Mr. PALMISANO. I am willing to divide the time and yield the gentleman from Illinois 30 minutes in order that he may distribute that time to Members opposed to the bill.

Mr. DIRKSEN. Very well, that is agreeable.

Mr. O'MALLEY. Will 30 minutes accommodate those who desire to oppose this report?

Mr. DIRKSEN. I will be very generous in yielding time, I may say to the gentleman from Wisconsin.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7084) to provide that all cabs for hire in the District of Columbia be compelled to carry insurance for the protection of passengers, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1, 3, 4, 5, 7, 8, 9, 11, 12, 14, 15, 16, 17, and 18, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In addition to the matter proposed to be stricken out by the Senate amendment, on page 2, line 7, of the House bill strike out "surety or"; and the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows: In addition to the matter proposed to be stricken out by the Senate amendment, on page 2, line 17, of the House bill strike out "bond or undertaking or"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows: On page 2, line 15, of the Senate engrossed amendments strike out "at" and insert "and"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment as follows: On page 3, line 13, of the House bill strike out "twenty" and insert "ten"; and on page 3, line 14, of the House bill, strike out "or termination"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

"Sec. 3. Any corporation, company, association, joint-stock company or association, partnership or person, and any lessee, trustee or receiver, who violates any of the provisions of this Act, or the regulations lawfully promulgated thereunder, shall, upon conviction, be punished by a fine of not more than \$300 or by imprisonment for not more than ninety days, and by cancellation of license. For violations of this Act, the Commissioners of the District of Columbia are authorized to suspend or revoke licenses issued under paragraphs 31 (c), (d) and (e) of section 7 of the Act entitled "An act making appropriations to provide for the government of the District of Columbia for the fiscal year ending June 30, 1903, and for other purposes", approved July 1, 1902, as amended; and any such suspension or revocation may be without prior conviction."

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill, and agree to the same.

VINCENT L. PALMISANO,

JACK NICHOLS,

Managers on the part of the House.

M. E. TYDINGS,

HERBERT E. HITCHCOCK,

H. STYLES BRIDGES,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7084) to provide that all cabs for hire in the District of Columbia be compelled to carry insurance for the

protection of passengers, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendments Nos. 1, 2, 6, 7, 11, 15, and 17: The House bill provided that every person operating a motor vehicle for hire in the District of Columbia should be required to file with the Public Utilities Commission for each such vehicle a bond or policy of liability insurance or certificate of insurance in a solvent and responsible surety or insurance company authorized to do business in the District. It was also provided that any owner of a public vehicle required to file such a bond or policy might in lieu thereof file a blanket bond or policy in an amount not to exceed \$75,000 or create and maintain a sinking fund not in excess of that amount. The blanket bond or policy, or the sinking fund if that was created, was to cover all vehicles operated by the same owner.

The Senate amendments provided merely for the filing with the Public Utilities Commission of insurance policies, and the provisions of the House bill with respect to bonds, blanket bonds, blanket policies, and sinking funds were eliminated. The conference adopts the policy of the Senate amendments.

On amendments Nos. 4, 5, 12, 14, and 16: These amendments are purely clarifying. The House recedes.

On amendment No. 3: This amendment added a provision that any insurance company authorized to do business in the District which issued insurance policies for the purpose of the bill should be a company subject to the act of March 4, 1922, relating to the organization and operation of mutual insurance companies. The House recedes.

On amendments Nos. 8 and 9: The House bill provided that the bond or policy issued for the purposes of the act might limit the liability of the surety or insured on any one judgment to \$5,000 for bodily injuries or death and \$1,000 for damage to or destruction of property.

These Senate amendments provide that the insurance policy shall limit the liability of the insurer on any one judgment to "not less than" \$5,000 for bodily injuries or death and "not less than" \$1,000 for damage to or destruction of property. The House recedes.

On amendment No. 10: The House bill provided that any policy of liability insurance should be issued only by insurance companies authorized to do business in the District and that any surety bond or undertaking should be insured by a corporate surety approved by the superintendent of insurance of the District. The superintendent of insurance was also authorized to make reasonable rules and regulations relating to the rating of taxicab insurance and was empowered to determine the maximum rates to be charged on such insurance. This amendment requires each insurance company authorized to do business in the District or the rating organization of which it is a member or subscriber to file with the superintendent of insurance every rate manual, schedule of rates, rating plan, and other information concerning insurance required by this act. It also prohibits unfair discrimination in cases where the risks are essentially the same. The superintendent is also authorized after notice and hearing to order the removal of any unfair discrimination in rates and to order an adjustment of rates whenever he finds that an excessive, inadequate, or unreasonable profit will be produced. The House recedes with a clarifying amendment.

On amendment No. 13: The House bill provided that no bond or insurance policy should be canceled unless not less than 20 days prior to such cancellation notice of intention was filed in writing with the Public Utilities Commission. This amendment strikes out 20 days and inserts 10 days, and the House recedes with a further clarifying amendment.

On amendment No. 18: This amendment requires all vehicles subject to the provisions of the act to be kept in a clean, sanitary, good mechanical condition at all times, subject to regulations of the Public Utilities Commission, and the Traffic Act of March 3, 1925. The House recedes.

On amendment No. 19: This amendment, in addition to the penalties provided by the House bill, provides for canceling the license of any person violating the act. The Commissioners of the District are also authorized, in cases of violation of the act, to suspend or revoke licenses issued under paragraphs 31 (c), (d), and (e) of section 7 of the act of July 1, 1902, as amended, and any such suspension or revocation may be without prior conviction. The House recedes with clarifying amendments.

The House recedes from its disagreement to the amendment of the Senate to the title of the bill.

VINCENT L. PALMISANO,
JACK NICHOLS,

Managers on the part of the House.

Mr. PALMISANO. Mr. Speaker, I yield 5 minutes to the gentleman from Oklahoma [Mr. NICHOLS].

Mr. NICHOLS. Mr. Speaker, this is a conference report on a bill which is known as the taxicab-insurance or taxicab-liability bill. It provides simply that motor vehicles operated for hire in the District of Columbia will be compelled to carry insurance for the protection of those people who pay to ride

in their vehicles and other pedestrians and automobiles driven on the streets of the District of Columbia.

There will be injected into this debate quite a lot of what I presume to be extraneous matter. There is only one question involved here and that is this: Do you think that when your wife and your little kiddies get into a taxicab and pay that taxi driver or that taxi company money to transport them to some other part of the city, they should be protected from accidents by compelling that taxi driver or that taxi owner to make himself financially responsible for the protection of the life and limb of your tender children and mine by taking out insurance which will make him financially responsible? That is the only question involved.

There is an argument between some of the taxicab operators of the District of Columbia who say that they should be permitted, instead of taking out insurance, to post a cash bond, making an insurance company out of themselves, and let them control the fund which will pay you if you are injured, and not turn it over to an insurance company.

I know this argument is going to be made, and I would like to read you just one paragraph, if I may, from a letter, a closed letter, I may say, which was circulated among the drivers of the biggest taxicab fleet operating in the District of Columbia, and I am going to ask unanimous consent that I be permitted to insert these two letters in the Record, because I do not care to take your time to read all of them.

I read excerpts from one dated January 17, 1938. They are talking about an amendment to the House bill which provided for the company putting up a cash bond, and they are explaining the amendment to their cab drivers:

And the proposed amendment would allow an individual with one cab to post \$5,000, instead of paying an insurance premium of \$360 a year to operate a taxicab.

In other words, this big fleet-operated taxicab company is so interested, as they say, in the individual driver, the little independent driver who owns his own car, that they want to fix it so he will put up \$5,000 in lieu of paying an insurance premium. Do you not know there is not a taxi driver on the streets of Washington that could put up \$5,000 cash bond, and they know it. They want to fix it so that you will force into their organization every poor little independent taxi operator in the District of Columbia. But this is the most interesting part of the letter—and I quote again from the letter:

Any cash or collateral deposit and/or sinking fund herein provided for shall be exempt from attachment or levy for any obligation or liability of the depositor hereof, save as herein provided.

In other words, they want to get themselves in the shape they are in now, where they collect 60 cents a shift, or \$1.20 for two shifts, from the drivers who drive their association cabs, and they put this into a sinking fund, but the sinking fund is not attachable. It is not even kept in the District of Columbia. It is placed in trust some place—God knows where. They have never disclosed it.

[Here the gavel fell.]

Mr. PALMISANO. Mr. Speaker, I yield the gentleman 2 more minutes.

Mr. NICHOLS. And they now want this amendment back in the bill, and they had the temerity to tell their cab drivers that they wanted it back in there so this cash fund could be set up, but that it would not be nonattachable.

I will have more to say on this as soon as some of my distinguished friends have told you the many reasons why this should not be passed. I hope you will stay here, because I believe I can give you some very interesting facts about this situation as we go along.

I ask unanimous consent, Mr. Speaker, to extend my own remarks in the Record and include therein the two letters I have referred to.

The SPEAKER pro tempore (Mr. Buck). Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The letters referred to are as follows:

MEMORANDUM

JANUARY 17, 1938.

Re compulsory taxicab liability insurance bill—H. R. 7084.

From time to time bills have been introduced in Congress providing for compulsory insurance for taxicabs. In each such proposed bill there has been the requirement for an insurance policy or a bond. It is a well-known fact that the premiums for taxicab insurance are so great that they are prohibitive. In addition thereto, investigation will disclose that very few reputable companies, if any, will accept taxicab insurance. It can be further demonstrated that no dependence can be placed in the companies which accept such insurance. What they do is to accept premiums until such time as claims begin to accumulate, and thereupon they go into bankruptcy. While the present Financial Responsibility Act of Congress, in effect in the District of Columbia, covers all vehicles, including passenger vehicles for hire, most taxicab operators have no objection to the requirement for compulsory taxicab insurance, provided individual owners or the members of associations are given an opportunity to deposit cash or provide a sinking fund for the payment of judgments in lieu of the giving of a policy of insurance or a bond. There appears no valid reason why this should not be permitted. It merely allows individuals and associations to become self-insurers upon the depositing of proper security, as surely cash security is as sound as can be had.

The thought in mind is that in lieu of insurance or bond the operator, controller, manager, or renter of a public vehicle may either (1) file with the Public Utilities Commission an admission of liability in conformity with the principle of respondeat superior for the tortious acts of the drivers of such of the vehicles aforesaid as shall be driven with the trade name or insignia of such operator, controller, manager, or renter displayed thereon, together with a blanket policy of insurance, or a blanket bond, for the purposes of the act, covering any vehicle in an amount depending upon the number of such vehicles operated by an individual or an association; or (2) upon the filing of such admission of liability, provide and maintain a sinking fund in corresponding amounts and deposit the same in trust for the purpose of the legislation with such person, official, or corporation as the Utilities Commission shall designate.

The thought behind this suggestion is that the statistics will show hundreds of thousands of dollars paid to insurance companies, only to have the insurance companies go into bankruptcy when claims become due and payable. The average cost for insurance of this kind is \$360 a year per cab.

At the foregoing rate, in the case of an individual or association operating 1,200 cabs, the premium per year thereon would be \$438,000. Reason dictates that it is far better this money be reserved to meet claims for injuries sustained on account of the operation of such cabs rather than be expended for insurance or bond premiums.

The proposed amendment will accomplish the public purpose desired and, as worded, works no greater hardship on the individual owner than on members of an association of taxicab operators. It merely permits an individual or association to place cash collateral or good securities, for instance, United States bonds, by way of guaranty. Certainly an individual should be permitted to deposit cash or Liberty bonds, by way of protection to the public, if he so elects.

And the proposed amendment would allow an individual with one cab to post \$5,000 instead of paying an insurance premium of \$360 a year to operate a taxicab.

An association operating or controlling 300 cabs could deposit \$20,000 cash or give a bond or policy in that amount. The cost of insurance for 300 cabs would be, however, \$108,000; the yearly premium for 500 cabs would be \$180,000.

It is a harvest for insurance companies.

Furthermore, when an association files an admission of liability as called for by the proposed amendment its liability would not be limited to the one-thousand property—five to ten thousand personal-injury amounts fixed by the act.

PROPOSED AMENDMENT TO H. R. 7084, SEVENTY-FIFTH CONGRESS, FIRST SESSION, CALENDAR NO. 1228 (REPT. NO. 1179) BEING A BILL TO PROVIDE THAT ALL CABS FOR HIRE IN THE DISTRICT OF COLUMBIA BE COMPELLED TO CARRY INSURANCE FOR THE PROTECTION OF PASSENGERS, AND FOR OTHER PURPOSES, PASSED BY THE HOUSE AND NOW PENDING BEFORE THE SENATE

Following the word "act", page 4, line 21, add a new paragraph, to read:

"Any owner of a public vehicle required hereby to file a bond or policy of insurance may, in lieu thereof:

"(a) For each such vehicle deposit with any individual or corporation approved by the Public Utilities Commission, in trust for the payment of any judgment recovered against such owner, as provided in this act, either \$5,000 in cash, or negotiable collateral of the value, to be determined by said Utilities Commission, of \$5,000, and additions to such collateral deposit may be ordered by said Utilities Commission if, in the judgment of said Commission, additional collateral is necessary to maintain said deposit as of the value of \$5,000.

"(b) File with the Public Utilities Commission, conditioned as required by this act, and covering all vehicles lawfully displaying the trade name or identifying design of any individual, association,

company, or corporation, a blanket bond, or a blanket policy of liability insurance, in amounts, respectively, for the operation of:

1 to 300 passenger vehicles for hire.....	\$20,000
301 to 500 passenger vehicles for hire.....	30,000
501 to 700 passenger vehicles for hire.....	40,000
Over 700 passenger vehicles for hire.....	50,000

"(c) Create and maintain a sinking fund and deposit the same, in trust, for the payment of any judgment recovered against such owner, as provided in this act, with such person, official, or corporation as the Public Utilities Commission shall designate, for the operation of:

1 to 300 passenger vehicles for hire.....	\$20,000
301 to 500 passenger vehicles for hire.....	30,000
501 to 700 passenger vehicles for hire.....	40,000
Over 700 passenger vehicles for hire.....	50,000

"Provided, That should any such owner elect to comply with the provisions of paragraphs (a), (b), or (c) of this section, such owner shall first file with the Public Utilities Commission an admission of liability, in conformity with the principle of respondeat superior for the tortious acts of the driver or drivers of such vehicle or vehicles aforesaid as shall be driven with the trade name or identifying design of such owner.

"Any cash or collateral deposit and/or sinking fund herein provided for shall be exempt from attachment or levy for any obligation or liability of the depositor hereof, save as herein provided.

"Within the meaning of this paragraph, the word 'owner' shall include any corporation, company, association, joint-stock company or association, partnership or person, and the lessees, trustees, or receivers appointed by any court whatsoever, permitting his, their, or its trade name and/or identifying design to be displayed upon vehicles governed by this act."

Respectfully submitted.

E. ERWIN DOLLAR,
President, Industrial Brotherhood of Taxi Drivers.
ARTHUR S. HARDER,
Vice President, Industrial Brotherhood of Taxi Drivers.
HARRY C. DAVIS,
President, Independent Taxi Owners' Association.
LEON BRILL, Jr.,
President, Bell Cab Association.
J. H. ROYER, Jr.,
President, Premier Cab Association.

MARCH 30, 1938.

DEAR FELLOW MEMBER: On July 12, 1937, the House of Representatives passed a compulsory cab insurance bill, H. R. 7084. This bill included an amendment, which was introduced on the floor of the House and made a part of the original insurance bill.

This amendment was somewhat similar to the proposed amendment enclosed herewith. Such an amendment would permit the members of this organization to pay less money for a greater amount of protection than the prevailing excessive insurance premium costs. The prevailing rate for insurance in this city is \$1 per day per cab, from reputable insurance companies. This rate is only \$1 per day because the insurance underwriters have had no experience in this city. In other large cities where they have established experience ratings, the reputable insurance companies charge more than \$1 per day for taxicab insurance.

When the House bill reached the Senate, it was very apparent that the Senate sponsor of this bill was determined, in my opinion, to eliminate the cash-bond arrangement, which passed the House of Representatives.

Do you believe the United States Congress should pass an insurance bill which would only enable certain interests to sell taxicab insurance at your expense for a nice profit?

On March 25, the Senate passed H. R. 7084, without the House amendment, which we were in favor of. In a few minutes after the passage of this bill in the Senate, a motion was made to reconsider the votes by which the Senate passed this bill. The writer cannot predict the final outcome of this bill in its present status.

However, I do not believe the members of this organization should advocate to Members of Congress that insurance without provisions for your association to settle its own accident claims in your behalf, is a good policy. Why should we leap into something to make the other fellow pay, because you pay, when none of us know how great the burden will be.

Trusting this will meet with your approval, I am,

Respectfully yours,

HARRY C. DAVIS.

Mr. DIRKSEN. Mr. Speaker, I yield 5 minutes to the gentleman from Wisconsin [Mr. O'MALLEY].

Mr. O'MALLEY. Mr. Speaker, the gentleman from Oklahoma has indicated that extraneous matter will be brought into this debate and as proof of that he introduced a couple of letters sent by some taxicab company. No extraneous matter is involved in this question. It is solely a question whether or not the House conferees represent the House or the other body. The conference report brought over here by

the House conferees takes out about 50 percent of the House bill, a bill that was absolutely satisfactory to most of the elements in the taxicab business and that was satisfactory to labor.

I am going to introduce a little extraneous matter myself now that the gentleman from Oklahoma has started. I have received and have here a letter from the American Federation of Labor which reads in part as follows:

This bill—

Speaking of the original House bill—

compels every taxi driver to carry liability insurance. We find the conference report is not in accordance with the bill as passed originally by the House in which form it was acceptable to the Washington Central Labor Union and to the local unions of drivers involved. It is understood by those interested that if the conference report in its present form is adopted that independent taxi owners in the District of Columbia will be put out of business and that the larger companies who proposed the provisions of this bill will be in complete control of the situation in this city. We, therefore, advocate the blanket provision as originally passed by the House and will appreciate efforts made by you and our friends to achieve this purpose.

Now, labor and its organizations can always speak to me when they speak on a subject that affects their workers; and here the Central Labor Union of the District of Columbia and the American Federation of Labor legislative representative want the House provision put back in the bill.

Now, if you will read page 5 of the House bill, you will see nothing unfair. It allows an option in addition to buying insurance from insurance companies.

It allows the associations of these cab drivers whether the associations are private associations or associations of union drivers, to post a bond, a certain amount of cash, and judgments can be levied against that bond. The conference report will, if adopted, have the effect of forcing the drivers into the hands of the insurance companies, a few of them already prepared to start a racket. In my own city for 10 years all cab companies have had the option of either buying insurance or posting a cash bond with the city attorney. The record shows that we have the lowest number of automobile accidents of any city. It likewise shows that valid judgments have been paid out of these bonds and these taxi companies immediately bring the cash bond back to the amount originally set in the city ordinance or lose their licenses. The public is protected and the men are not made the victims of an insurance racket.

Mr. SHORT. Mr. Speaker, will the gentleman yield?

Mr. O'MALLEY. I yield.

Mr. SHORT. And if this bill passes, the individual taxicab drivers in the District of Columbia will be forced to pay \$1 a day insurance, or \$360 a year. How many of them will be forced out of business?

Mr. O'MALLEY. About half of them.

Mr. SHORT. And when you force them out of business where will they go except on the relief rolls?

Mr. O'MALLEY. That is exactly the point. The gentleman is correct.

Mr. MURDOCK of Utah. But if we adopt the gentleman's theory, allowing the owner of a cab company to file a bond in lieu of insurance, do you not in effect say to the insurance companies, "Here is the taxicab business of the District; it is turned over to you absolutely?"

Mr. O'MALLEY. I do not see how anybody can prevent a group of taxicab drivers from forming an association and putting up the cash bond. Under the conference report we have here all of them have to buy insurance. Now, if the public is protected either by a cash bond or an insurance policy, if the driver were given the option that the House gave them, I do not see why we should adopt the conference report and destroy those options and throw these already underpaid drivers into the hands of the insurance companies, who can charge any rate they please under this conference report. The original provision in the House bill protected the public. That is what we were after. That was the impression I was under when we brought this bill in here—

protection of the public; it does not make any difference how they are protected as long as they are protected and the House bill should be retained.

Mr. SHORT. In the gentleman's opinion, does this bill protect the public or does it promote the insurance racketeers?

Mr. O'MALLEY. The conference report that we are asked to adopt promotes insurance racketeers, mutual companies, whose history in the courts and every other place has been a national scandal. I am willing to trust the American Federation of Labor and their fellow workers of the Central Labor Union, who have come in here and asked us to restore the House provision. I hope those friends of labor whom we have heard from in the last 4 or 5 days will at least let labor speak for labor and give them some help now when they are fighting this unfair Senate bill that will destroy their livelihood.

Mr. Speaker, I ask unanimous consent to insert in the Record this letter from the American Federation of Labor.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

The letter referred to follows:

WASHINGTON, D. C., May 3, 1938.

Congressman O'MALLEY,

House Office Building, Washington, D. C.

MY DEAR CONGRESSMAN: I wish to direct your attention to the conference report on H. R. 7084, which, I understand, is to be considered today in the House.

This letter comes at a rather late date due to the fact that the Washington Central Labor Union did not act on the conference report until it met last night.

This bill, as you, of course, know, compels all taxi drivers to carry liability insurance. We find that the conference report is not in accordance with the bill as passed originally by the House, in which form it was acceptable to the Washington Central Labor Union and to the local union of drivers involved.

It is understood by those interested that if the conference report in its present form is adopted that the independent taxi owners in the District of Columbia will be put out of business and that the larger companies, who have pressed for the passage of this bill, will be in complete control of the situation in this city. We therefore advocate the "blanket provision" as originally passed by the House and would appreciate efforts made by you and our friends to achieve this purpose.

Sincerely,

WILLIAM C. HUSHING,
National Legislative Representative,
American Federation of Labor.

Mr. O'MALLEY. I want to state the parliamentary situation in the remainder of my time and before it is lost sight of in the remainder of the debate.

Until we vote down this conference report we are not in position to make a motion to insist on the House bill and the provisions that labor want. So vote down this conference report and direct your conferees to bring back a bill that will protect labor instead of some favored insurance companies.

[Here the gavel fell.]

The SPEAKER pro tempore (Mr. BUCK). Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. DIRKSEN. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. DONDERO].

Mr. DONDERO. Mr. Speaker, I do not hold a brief for any taxicab company or any taxicab driver in the District of Columbia. We all hold a brief, however, for the principle of keeping as many men employed as possible, no matter where they reside or what they might do. We have enough unemployment in the United States now and I am opposed to any policy, no matter by whom advocated, that will add to the list of the unemployed.

My honest opinion is when we impose an obligation on the taxicab drivers of the District of Columbia of a dollar a day for insurance we are adding to the unemployed. We are driving men out of employment and there is nowhere else for them to go. I am unwilling to regulate men out of their jobs and into the bread lines. It is estimated, if this amendment is agreed to, that we will add to the unemployed nearly 2,000 taxicab drivers in the District of Columbia.

Mr. NICHOLS. Will the gentleman yield?

Mr. DONDERO. In just a moment.

Mr. NICHOLS. Would the gentleman give the authority for that estimate? Who made the estimate? That is all I want to know.

Mr. DONDERO. The moment you impose an insurance obligation which raises the cost from 25 cents a day, which I understand is the amount collected from each driver now, to nearly \$1 for insurance, you are compelling these men to go out of business because they cannot meet the additional obligation imposed upon them.

What are you gaining by doing that? If a cash bond placed with the District of Columbia has protected the public, and the taxicab companies or drivers have met their obligation and liability, either property damage or bodily injury, what have we to gain by imposing insurance upon them that they cannot hope to meet? That is the question we have to decide here this afternoon.

Mr. REED of New York. Will the gentleman yield?

Mr. DONDERO. I yield to the gentleman from New York.

Mr. REED of New York. Has the gentleman looked into this situation—and I am not going to claim that the information I am about to give is accurate. I have talked with a great many taxicab drivers and I am informed that when Government employees get off in the afternoon these employees go out, rent these cabs, flock on to the streets, and take away the jobs of the taxicab drivers. That may be an extraneous matter, but has the gentleman looked into that?

Mr. DONDERO. No; I have not. That is an angle which I would not endorse.

Mr. REED of New York. I would like to get the truth about that matter.

Mr. DIRKSEN. I understand it has been ascertained that some 450 Government employees at one time or another have been driving cabs as a sort of side-line occupation in order to supplement their earnings. I doubt whether the number is quite so much today, but there was some testimony offered on that matter, and I think it was submitted to one of the committees of the House about a year ago.

Mr. REED of New York. I think that situation should be corrected.

Mr. NICHOLS. Will the gentleman yield?

Mr. DONDERO. I yield to the gentleman from Oklahoma.

Mr. NICHOLS. The gentleman from Illinois is right when he says it is estimated there are 450 Government employees who work all day in a Bureau downtown, then whip out their own individual taxicabs and drive them around for a few hours in the afternoon. Those fellows should not be permitted to compete with the men who earn all of their money driving a taxicab, and if we put insurance on these men they cannot afford to go in competition with the regular taxi drivers.

Mr. DONDERO. I may say to the gentleman from Oklahoma I do not believe the insurance route is the way to correct the evil.

Mr. O'MALLEY. If the District of Columbia Committee wants to stop Government employees from driving these taxicabs, that is the committee to do it.

Mr. NICHOLS. How can you pass a law stopping anybody from driving a taxicab? That is silly.

Mr. DONDERO. I am informed that one company over a period of 9 years has paid something like \$700,000 in claims. They paid all the claims that arose. Whereas if they had been compelled to take compulsory insurance for the same length of time that company would have been compelled to pay out in insurance premiums nearly \$2,000,000, or an increase of over 200 percent. It has meant a saving to these drivers and men of something like \$1,250,000.

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. MAVERICK. Will the gentleman yield?

Mr. DONDERO. I yield to the gentleman from Texas.

Mr. MAVERICK. I wish someone would answer this simple question: Why is it that a taxi driver has to pay \$60 a month in premiums? I have a ten-twenty-thousand-dollar liability on my car and I think I pay about \$65 a year. It seems to me that \$60 a month is too much.

Mr. DONDERO. I do not understand it will be \$60 a month. I think it will average about \$1 a day. But to answer the gentleman's question, may I say that he drives his car for his private use. The taxicab is in operation all day for public use in all kinds of traffic. It is the nature of the risk that determines the premium or cost.

Mr. SHORT. It is the difference in the risk.

Mr. ROBSION of Kentucky. Will the gentleman yield?

Mr. DONDERO. I yield to the gentleman from Kentucky.

Mr. ROBSION of Kentucky. I want it made clear whether any taxicab drivers who have been licensed and who are driving their cars have evaded responsibility for personal injuries or property damage?

Mr. DONDERO. I do not understand they have. They must either be bonded in some association or carry insurance to protect the public.

Mr. ROBSION of Kentucky. Have there been any claims that remain unpaid?

Mr. DONDERO. It is my understanding there have not been except current claims in the process of settlement or judicial determination.

Mr. ROBSION of Kentucky. Why this legislation then?

Mr. DONDERO. It is just another way of imposing a regulation and restriction on a business that cannot stand the burden. That is the answer.

Mr. MURDOCK of Utah. Will the gentleman yield?

Mr. DONDERO. I yield to the gentleman from Utah.

Mr. MURDOCK of Utah. I do not want to assume to correct the gentleman, but I have made some investigation of this question of unpaid judgments. I am sure if the gentleman will go to the trouble to investigate the matter thoroughly, he will find that there are not only hundreds of them but probably thousands of unpaid claims in the District of Columbia by reason of irresponsible taxicab drivers.

Mr. DONDERO. I understand there is one association that has not met its obligations but if that association had placed a bond with the District of Columbia, as proposed by the House bill, the very thing of which the gentleman complains would never have happened because they would have had recourse to a fund with which to pay the damages.

[Here the gavel fell.]

AMENDMENT OF SECOND LIBERTY BOND ACT

Mr. DOUGHTON, from the Committee on Ways and Means, reported the bill (H. R. 10535) to amend the Second Liberty Bond Act, as amended, which was read a first and second time, and, with the accompanying papers, referred to the Committee of the Whole House on the state of the Union and ordered printed.

INSURANCE OF TAXICABS IN THE DISTRICT OF COLUMBIA

Mr. DIRKSEN. Mr. Speaker, I yield 5 minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Speaker, the gentleman from Oklahoma in opening his remarks said the question was simply whether or not you and I want to protect our families and our constituents while riding in the taxicabs of the District. In all fairness, I submit to the gentleman from Oklahoma, that is not the issue at all, because the House bill as amended by the Senate provided for compulsory insurance. The issue is whether or not you want to compel all taxicab owners to take out insurance with some insurance company. In the House bill we provided that the taxicab operators should have liability insurance, but we provided that if they saw fit they had the right to take advantage of the alternative of putting up a bond in the amount of \$75,000. Individual operators, working together with others in an association such as the Diamond Cab, the Premier Cab, or the Bell Cab, could as an association under the House bill put up a bond of \$75,000, not to be some place in another State but here

in the District, with the approval of the Public Utilities Commission, so the money would be here and could be attached. They would have the right to keep that \$75,000 bond there to insure anyone who was injured as a result of the tortious act of any driver of a taxicab, and to see that the judgment would be paid. Certainly, that is ample protection. The Public Utilities Commission would have the duty and the responsibility of compelling that \$75,000 fund to remain intact. It is ample. It would give the individual operators an opportunity to band together and create this fund, and it would enable them to give adequate protection to the people on the highways, but still would not compel them to pay extortionate prices and exorbitant fees to insurance companies. That is the only difference.

Mr. MURDOCK of Utah. Mr. Speaker, will the gentleman yield?

Mr. BOILEAU. I yield to the gentleman from Utah.

Mr. MURDOCK of Utah. Is the gentleman interested in protecting the biggest cab company in Washington, D. C., or is he interested in protecting the little cab driver, the individual?

Mr. BOILEAU. I submit to the gentleman that this \$75,000 bond is an alternative. The individual operator can still take out insurance, if he is not a member of an association.

Mr. MURDOCK of Utah. Yes; that is just it.

Mr. BOILEAU. That is the proposition. I may say further I had a conversation with the president and the secretary of the Interindustrial Brotherhood of Taxi Drivers, which is the association representing the little, individual driver who owns his own cab and is not a member of one of the associations, and they want the House provision enacted into law because they are of the opinion it will be to their best interests to join one of the associations already existing or form a new association of their own. These associations have proven to be a successful experiment in cooperation among these people. They can work for their best interests by associating under a trade name.

Mr. MURDOCK of Utah and Mr. SHORT rose.

Mr. BOILEAU. I will yield in just a moment.

It will be very easy, then, for them to create this \$75,000 fund and keep it intact. They believe they could save a lot of money. I am certain it would give just as good protection to the people of the District and would protect them against any losses that might be occasioned by these taxicab drivers.

The gentleman from Utah asked me whether I was interested in protecting the big organizations. I do not know whether he means corporations or associations. These corporations are, or at least should be, under the control of the operators, the individuals who own their own cabs, when they belong to these associations. If there is anything wrong in the present situation it should be corrected. I know of nothing wrong. I submit to the gentleman from Utah that at the present time the corporation-owned taxicabs, the taxicabs on the streets which are owned not by the individual operators but by corporations, are largely controlled by two men, and those two men not only own practically all the corporate-owned taxicabs of the city but they have large financial interests in a mutual insurance company that is set up all ready to do business.

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Speaker, I yield 1 additional minute to the gentleman from Wisconsin.

Mr. BOILEAU. I am not making any insinuations against anybody. All I want to say is that the same men who own all the stock of the corporations that operate the corporate-owned cabs own practically all the stock, I believe I can properly say all the stock, of the mutual insurance company that is all ready to go. I submit the individual taxicab operator should not be forced to take out insurance in any mutual company or in any old-line company as long as adequate protection can be given him by putting up this bond. I believe the House bill will give that protection.

Mr. SHORT. Mr. Speaker, will the gentleman yield?

Mr. BOILEAU. I yield to the gentleman from Missouri.

Mr. SHORT. Many of the individual cab drivers and representatives of several of the associations have talked to me and every single one of them favors the House provision and is against the Senate bill.

Mr. BOILEAU. The Diamond Cab Co., the Premier Association, the Bell Association, and the independent taxicab drivers all want this \$75,000 bond provision. They should be given a chance to prove its effectiveness.

Mr. DIRKSEN. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, let us get clearly in mind what we are going to do and what will happen when we do it. If we support the conference report, that means that substantially we enact the Senate bill. This will give us taxicab insurance. If we vote down the conference report and come back upon the House bill later, that will give us taxicab insurance. So we get insurance either way, but under the House bill we make provision that instead of having to have a policy for every individual cab, these associations that can afford it can deposit \$75,000 with the Public Utility Commission, they can file their admission of liability under the respondeat superior provision, and then that \$75,000 becomes available for paying judgments, or they can file a blanket policy. This would be possible under the House bill, but not under the Senate bill.

Now, let us see what the issue is. I think everybody here wants to see some form of liability insurance on every taxicab. Certainly I do, and I want to see the best thing we can get, but I fancy if we go along with the Senate bill, and I have no particular hard-and-fast notions about it, we are going to set up a real difficulty and, possibly, a racket before we get through, and I shall tell you why.

Under the insurance code of the District of Columbia you can set up an automobile mutual insurance company with only \$10,000 of surplus over liabilities—only \$10,000. This is the law. Now, suppose I get a couple of fellows and say, "Let us organize a mutual; all we need is \$10,000 of surplus over our capital." No liabilities accrue, as a matter of fact, until a judgment exists, so far as my opinion is concerned, and so they reach out and begin to pick up these lush premiums. Do you know what a good old-line company will charge for insurance in Washington? Two hundred and seventy dollars per cab for personal liability, \$95 for property damage, or a total of \$365. Who sent these figures? These figures come from the Aetna Casualty Co. and other similar companies. So this means about \$365, or a dollar a day, if they get good insurance, because the good companies will set up a reserve of approximately \$215 per cab. This is the fact, if you please. Now, what will happen under a mutual. First, they can cut rates. If I find, for instance, as a mutual promoter or salesman, that you have got to get \$365 a year, I will come in and say, "Here, Cabby, I will write this insurance for \$275, or I will write it for \$250, or I will write it for \$200, if you please." So they reach out and get these very lush premiums and put them in their pockets.

Now, they can fight off responsibility and liability as an insurance organization, even as an individual does, in court, by taking the case up on appeal or asking for continuances, and when the going gets too strong what happens? They flop over, and what becomes of the cabbies' money? Now, do not say this is in the realm of remote possibility. I will show you in my files the names of companies that have gone over the great divide, companies in which there has been a great mortality, the cabbies' money gone, and the public not protected.

I do not know, and I am simply torn between doubts on this sort of thing, but I do not want to see this sort of thing set up. Where we made the mistake, in my judgment, was that this bill came in here and passed the House and Senate and went to conference before we ever amended the insurance code. Now, it is not long until next January, when another Congress will be in session. We have been going along in this fashion for years and years, and would it not be better,

perhaps, would it not be the expedient and politic thing to turn down this conference report and then amend our insurance laws, so you cannot have a mutual insurance racket in this town based upon premiums from cab drivers? Then we could come along with a taxicab-liability bill. Would not this be the sensible thing to do? In my judgment, it certainly would be—and do not forget that this is a rich plum, 5,000 cabs, roughly, times \$350 per year is how much? According to my quick arithmetic, it is about \$1,750,000 of premiums.

That is worth going after, and you will have every insurance company in here until they find out that mutuals can so much more satisfactorily deal with the cabbies because they can quote them a cheaper rate. Now, with that kind of insurance on the books, with existing law in the District of Columbia, as I understand it, I fancy we ought to go back and first amend our insurance code so no racket can spring up in the Nation's Capital and then come along with a liability bill. Then, if you want the Senate bill, all right; if you want the House bill, all right. My present notion is that we ought to reject this conference report, because I would not like to see what I have outlined happen.

Mr. NICHOLS. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. NICHOLS. I know my friend is sincere, but I am just wondering what my friend thinks would happen in the interim, the year that would elapse before we can take the subject up again? What would happen to these people riding in taxicabs, members of the gentleman's family and my family?

Mr. KRAMER. Just what is happening now.

Mr. NICHOLS. People getting hurt but unable to get any damages for it.

Mr. DIRKSEN. The same thing that happened in 1932 and 1933, 1934 and 1935, in 1928 and 1927. Nothing would happen except we would preserve the status quo until such time as we can defend the District against a possible insurance racket.

Mr. BOILEAU. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. BOILEAU. If you require the posting of this \$75,000 bond, would not that give ample protection in the meantime?

Mr. DIRKSEN. I think so; because by the provisions of the bill they have got to maintain that bond, and it is under the jurisdiction of the Public Utilities Commission.

Mr. BOILEAU. Does not the gentleman think that system is worth trying to see if it would work?

Mr. DIRKSEN. I do not like to be in the position of placing the seal of approval upon a one and three-quarter million dollar insurance premium racket.

If you are going to make these fellows carry policies you are going to have to raise the cab fares, for you cannot starve them to death. When I first came here a number of years ago I remember how our distinguished friend from Texas, Mr. Blanton, would walk up and down this aisle and defend the status quo of cab fares in the various zones and even make it secure in a District appropriation bill. When you are faced with the proposition of granting an increase in cab fares, I can anticipate what the answer is going to be. Then, if you are not against the increase in fares, and I do not think you are, let us move a little cautiously and carefully before we impose this additional burden upon these men who are just eking out an existence and not much more.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. O'MALLEY. For 10 years in my city the cab companies have had the option of carrying insurance or depositing with the city \$10,000 in cash or Liberty bonds subject to payment of any judgment. Should any part of this money be paid at all our licenses are automatically canceled until it is replaced. Is not that largely the basis of this blanket provision in the House bill?

Mr. DIRKSEN. I think so.

Mr. O'MALLEY. What is wrong with that?

Mr. DIRKSEN. Except we make them deposit a larger amount.

Mr. O'MALLEY. We make them deposit \$70,000. We have had this \$10,000 provision for 10 years in our city, and everybody concerned has been satisfied. As soon as a judgment is paid out the companies must restore the amount or lose their license.

Mr. DIRKSEN. I think the gentleman is correct.

Mr. PALMISANO. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. PALMISANO. Under the \$75,000 provision in the House bill, what is to prevent the 5,000 taxicab owners uniting into one group and furnishing the \$75,000 bond?

Mr. DIRKSEN. It might be done, but it certainly is not within the realm of probability.

Mr. PALMISANO. What would be the comparison between a company having 1,400 machines and one having 5 machines? Would the same amount have to be put up by both?

Mr. DIRKSEN. Everyone who pays any attention to this subject in the District has at some time or other had that standard argument presented to them, whether it was 200 cabs, 300 cabs, or 400 cabs. The amount to be deposited never took cognizance of the number making up the group.

Mr. ZIMMERMAN. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. ZIMMERMAN. Has the committee any statistics as to the number of accidents, fatalities, of taxicab operators as compared with privately owned cars?

Mr. DIRKSEN. Yes; all those statistics can be obtained from the Traffic Bureau.

Mr. ZIMMERMAN. These taxicab drivers tell me that they will be charged \$365 a year in premiums on a taxicab. To me that is outrageous.

Mr. NICHOLS. That is not true.

Mr. ZIMMERMAN. They tell me it will cost them that much, and unless they pay the premium they will have to go out of business.

Mr. NICHOLS. Will the gentleman yield? I want to answer the question.

Mr. DIRKSEN. Our time is about up.

Mr. NICHOLS. I will answer it in my own time.

Mr. ZIMMERMAN. I would like an answer to the question.

Mr. SHORT. It might be of interest to the Members of the House to know there has been the second largest decrease in automobile accidents in the first 3 months of this year in the District of Columbia as compared with anywhere else in the Nation. I think that much of the credit is due our colleague from Indiana, Mr. SCHULTE.

[Here the gavel fell.]

Mr. PALMISANO. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, a few minutes ago I was condemned by my friend from Illinois because I happened to be the member of a conference committee who opposed a privilege tax. I find myself now on the majority side and the gentleman from Illinois is the lone member of the conference committee fighting the conference report. He seems to be on the side of the big fellow all the time. I contended I was trying to protect the little fellow then, and I contend I am endeavoring to protect the little taxicab driver now.

When his bill was before the committee an amendment was offered to permit of a \$50,000 lump-sum insurance, to which I was opposed and I finally compromised on a \$75,000 proposition. The Senate has seen fit to eliminate that provision, and I agree.

Let us think of the individual who has one taxicab as compared with one corporation here that has 1,500 taxicabs. That corporation puts up \$75,000 or \$50,000 and the individual is compelled to pay a premium on \$5,000 or \$10,000 of insurance, which will cost \$365 a year, and I do not know whether that is the correct amount or not.

Mr. Speaker, let me quote part of a letter written to me and some of the Members of the House no doubt received a copy, by a man named Paul G. Wyatt, who contends we ought to have the House bill. He says we ought to have it simply because it does not bar the independents from joining an association.

Here is what he says:

Personally, we favor the bill as passed by the House, for it does not penalize those taxicab operators who have been paying monthly dues which carry some protection against accidents, as now carried by the larger taxicab companies. The independent taxicab operator is such by choice, and it would hardly seem consistent to us to favor this group, who have avoided the payment of dues and carry no protection whatever. If any favoritism were to be shown, it would seem more consistent to place it on the side of those who have endeavored to give protection in the past and are giving at the present time, rather than to those who by choice have remained independent.

They are now saying we ought to protect them and not the ones who have not paid anything.

It seems to us that the House bill is more just to all the taxicab operators. The independent operators would have the privilege of connecting with an organized company.

That would be where the whole 5,000 organized into one company. What would that amount to? It would amount to nothing in premiums and 5,000 taxicabs running around with one \$75,000 bond. Why one or two accidents would exhaust the whole \$75,000.

Mr. BOILEAU. Will the gentleman yield?

Mr. PALMISANO. I yield to the gentleman from Wisconsin.

Mr. BOILEAU. If you had one accident today and the \$75,000 is wiped out, they would have to put up an additional \$75,000. They would have to keep it up to that amount all the time.

Mr. PALMISANO. If this report is not accepted, I will, if possible, set up a commission to hold this money in trust for the people who are injured and make each and every taxicab owner in this town responsible for each individual car and make them put up an equal amount, and not give a special privilege to the corporations.

Mr. BOILEAU. That would give a privilege to the corporations.

Mr. PALMISANO. No; it will not.

[Here the gavel fell.]

Mr. PALMISANO. Mr. Speaker, I yield 3 minutes to the gentleman from Utah [Mr. MURDOCK].

Mr. MURDOCK of Utah. Mr. Speaker, a lot of injustices are committed against and inflicted upon the little fellow by claiming that they are done in his behalf or to keep him. That is exactly what is going on here today. We find the gentleman from Wisconsin and many others saying that on behalf of the little fellows they want us to allow the cab companies or the cab operators to put up a \$75,000 cash bond in lieu of an insurance policy. What does that mean? It means that you will eliminate every little cab driver in the city of Washington and every little taxicab company in favor of the Diamond Taxicab Co. or in favor of some other big company that has several hundred cabs on the street.

Mr. BOILEAU. Will the gentleman yield?

Mr. MURDOCK of Utah. I yield to the gentleman from Wisconsin.

Mr. BOILEAU. May I say that the independent taxicab operators want the House bill.

Mr. MURDOCK of Utah. I have talked to just as many independent taxicab drivers as the gentleman has and I have talked to just as many small companies. They point out that if we allow a bond instead of insurance, we will simply tell the Diamond Cab Co. that from now on it has a monopoly of the cab business in Washington.

Mr. BOILEAU. They still would have their insurance.

Mr. MURDOCK of Utah. On the other hand, if you tell every cab driver, whether he belongs to the Diamond Co. or is a small, individual operator, that he must have an insurance policy, then he knows that he will get his insurance at the same premium as the big operator. You will not give

the Diamond Co. a monopoly. You will not give any other company a monopoly. You will be telling every taxicab driver in the city of Washington that he must go out and buy insurance on an equality of premium and the big man will not be given any favors over the small ones.

Mr. O'MALLEY. Will the gentleman yield?

Mr. MURDOCK of Utah. I yield to the gentleman from Wisconsin.

Mr. O'MALLEY. I am sure the gentleman would not consider that the American Federation of Labor and the Central Trades Council would ask any Member of the House to do something that would hurt their workers. They want the House bill.

Mr. MURDOCK of Utah. But I am not arguing this from the standpoint of labor.

Mr. O'MALLEY. It is a labor issue.

Mr. MURDOCK of Utah. I do not believe any fewer men will be employed than there are now if we enact this bill and place all cab drivers on an equality.

Mr. O'MALLEY. Yes; there will be.

Mr. MURDOCK of Utah. I do not like to have the issue of labor injected into the consideration of every piece of legislation, and especially an issue such as this.

Mr. O'MALLEY. Labor's representative says the Senate amendment will put men out of work.

Mr. MURDOCK of Utah. I do not yield further, Mr. Speaker.

There are just two things before us this afternoon. One is, when you get into a taxicab and take a ride in the city of Washington, are you entitled to security against the reckless and negligent driving of the taxicab operator? I say you are, and there is no disagreement in the House today with the view that we are entitled to security.

The other question is, shall we tell the Diamond Cab Co., or some other large company, "You can run your cab company more cheaply than the little man because we will allow you to put up a bond on account of your size, but we will make the little man furnish insurance because he cannot put up a bond."

Mr. Speaker, in conclusion, I submit the adoption of the conference report is the correct action for us to take today and by so doing we maintain equality for all cab operators, regardless of size, and assure their patrons security against reckless and careless driving.

Mr. DONDERO rose.

[Here the gavel fell.]

Mr. PALMISANO. Mr. Speaker, I yield the balance of my time to the gentleman from Oklahoma [Mr. NICHOLS].

Mr. NICHOLS. Mr. Speaker, I have been greatly interested in this debate and I shall base my remarks on this premise: I am absolutely opposed to permitting cab operators' associations to put up a cash bond in lieu of insurance. If you permit the big cab companies of the District of Columbia to put up a cash bond in lieu of insurance you will break every little cab company in town, and I will tell you why. If a cab company is too small to raise the \$75,000 provided as the bond, the other option has to be taken and the members of that company must take out insurance. This is what will happen. Less than 10 days from the time we passed this House bill the Diamond Cab Co. sent out circulars to every driver in the District of Columbia stating, "You come into our association and you will not have to buy insurance. We will protect you under our \$75,000 bond." That is what will happen again. The big companies will put up the \$75,000 blanket and then they will force the little fellows to come under their protection. Then what will they do? I will tell you what they will do. They will do what they are doing now. The Diamond Co., the largest one in this town, right at this minute charges cab drivers 60 cents a shift to drive under the Diamond sign. At two shifts a day, that is \$1.20 a day. They operate 1,500 cabs, which are paying tribute to the Diamond Cab Co. to the tune of \$1,800 a day, or \$680,000 a year. This is why there is great opposition to this bill.

That is not all. Last year the Diamond Cab Co. sold 6,000,000 gallons of gasoline to the operators of the Diamond cabs.

The company earned 2 cents a gallon profit on every gallon, which means an additional \$180,000. This is to say nothing of the profit it earns from the sale of oil, tires, and other accessories which the operators are compelled to buy through that association.

Mr. TREADWAY. Mr. Speaker, will the gentleman yield?
Mr. NICHOLS. No.

That is what is happening to these boys. They pay tribute.

There has been talk about the necessity of increasing these rates, and somebody said something about a racket. The biggest racket I know of in Washington is the racket carried on by two or three cab associations in this town who are racketeering and taking money out of the pockets of men who earn but three or four dollars a day and making them pay tribute to their big associations.

Mr. REILLY. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. Not just now. I want to answer some of these arguments.

As to liability, one cab association in the District of Columbia now has pending against it 1,871 lawsuits, involving \$1,320,000. This same company has over \$500,000 in judgments against it today, and not one judgment has been satisfied. Mr. Van Duzer, the commissioner of traffic for the District of Columbia, had something to say on the subject only recently. I will read only a brief portion of his statement, which was carried in the Washington Evening Star.

With the taxicab-liability bill scheduled for House action Monday, failure of taxicab owners and operators to satisfy judgments in damage cases was cited today by Traffic Director W. A. Van Duzer.

In a letter to Representative JACK NICHOLS, Democrat, of Oklahoma—

Which I will insert in the RECORD—

a member of the House District Committee, the traffic director stated the records of his department indicate that, with only one exception, judgments against taxi owners and operators remain unsatisfied.

There are a number of judgments involving unlimited thousands of dollars against the taxi operators of this town obtained by helpless, unsuspecting people who rode their cabs assuming that the sign on the side of the door which set forth they were protected was true, but despite that, Van Duzer states that his records show that with one exception none of them has paid a judgment. Oh, they say, the system is not a bad one.

Mr. BOILEAU. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. I am sorry, but I cannot yield to the gentleman.

The record behind this policy of having insurance and that alone is a long one. I read from a letter from the city of Boston directed to Mr. Kimball, clerk of the District Committee, who asked for the information at my request:

In reply to your telegram of August 11 requesting information relative to the insurance of taxicabs in this city—which is Boston—please find enclosed copy of report submitted by Capt. John F. Fitzpatrick, inspector of carriages in this department, which I trust will be of assistance to you.

Let us look at his report. This is the city of Boston where they operate under a taxicab insurance law similar to ours.

With reference to the attached telegram of Mr. Kimball, etc., our reports show:

(1) Percentage of accidents per 100 cabs per year is approximately 15 percent, including personal injuries and property damages.

(2) Percentage of settlements outside of court of accidents is approximately 75 percent.

They operate under an insurance law, and now listen:

(3) The average amount of judgment per accident is about \$75.

(4) The percentage of judgments collected in full for personal injury claims is 100 percent because of the statute law compelling all motor vehicles to carry personal injury insurance.

(5) Only one insurance company—

This is interesting—

was found financially irresponsible during the past year.

This is the report from the department that handles this in the city of Boston. So you need not be afraid of the in-

surance racketeers. I have heard for a long time the cry of insurance being a racket, but I carry it on my automobile and most of you do.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. I am sorry I cannot yield to the gentleman.

I carry insurance on my automobile to protect myself and other people on the streets, and so do you. If there are those who want to charge me to ride in their automobile, but will not carry it for my protection, will you not help me protect the little kiddies and the visitors who come here, as well as your own families who have to ride in such automobiles unless they take a street car, which will give them protection, or a bus, which will give them protection, or perhaps ride in their own automobile?

Now, listen. A great deal has been said about what labor wants on this matter. A great deal has been said about what the taxicab drivers themselves want. So far as I personally am concerned I do not think there is any labor question involved and the Secretary of the American Federation of Labor advised this morning that they were not going to meet on the proposition until tonight. Whether he is wrong or not I do not know, but I do hold in my hand a letter which I will read you. This letter is dated May 7, 1938, which was last Saturday. There has been a letter read here from the independent taxi drivers, they said, and I do not know whether their letter is better than mine or not, but I want you to listen to mine:

UNITED TRANSPORTATION WORKERS,
Washington, D. C., May 7, 1938.

HON. JACK NICHOLS,

House of Representatives, Washington, D. C.

DEAR CONGRESSMAN NICHOLS: In reference to H. R. 7084, a bill calling for compulsory taxicab liability insurance for the District of Columbia, we wish to call your attention to the following considerations:

(1) The bill before the House, with the Senate amendments, represents the view and has the solid support of 70 percent of the taxi drivers in the District of Columbia.

(2) Persons lobbying against the bill and who would substitute for it the deposit of a \$7,500 bond, are representing certain vested interests in the local taxicab industry, who speak but for a fraction of the District's taxicab owner-drivers and rental drivers.

The bond idea will virtually force 75 percent of the independent owners out of business and wreak indescribable hardship upon the rental drivers as well. It will give what is tantamount to a franchise, to a few taxicab concerns.

If a compulsory taxicab liability insurance bill must be had, we urge you to lay these facts before the House and have it perform the only fair, just, and honest act under the circumstances: Vote for the bill as at present worded.

The United Transportation Workers, representing the interests of the overwhelming majority of the independent driver-owners and rental drivers in the District of Columbia gives its unanimous support to the bill.

Respectfully yours,

MAURICE HOLLOD,
Business Manager, United Transportation Workers.

Mr. Speaker, my friend here has said that we can leave this situation in status quo. Unfortunately there is no such position as status quo on death, injury, or accidents. They go on. It is impossible to stop the devastation that accidents wreaks upon us in the way of bodily injury or death.

If it were possible to stop that, I would say, "Fine; stop it all until we can get this thing perfect." Few times have I ever seen a bill pass this body that, in my opinion—or yours, for that matter—was a perfect bill at its inception. Maybe there is a better way than this; I doubt it. Your committee has put months of study on it, and we have been advised by the insurance commissioner of the District of Columbia, Mr. Moore, who came before our committee, that it was possible and that he would compel insurance companies, if they were organized in the District of Columbia, to make themselves sufficiently strong financially that there could be no doubt about the results of the organization of an insurance company. But, whether or not this bill is perfect, get it on the statute books; let us establish the principle in the District of Columbia that automobiles operated for hire shall be compelled to give protection to those people whom they

carry. If it then develops that some injustice is being done, we can work it over. Instead of holding the situation in status quo, by the passage of this bill stop the status quo of the reckless and irresponsible driving that is going on in the District of Columbia; make each of the 5,000 cabs financially responsible.

I hope you will vote for the adoption of the conference report.

Mr. PALMISANO. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

Mr. O'MALLEY. Mr. Speaker, a parliamentary inquiry. The SPEAKER pro tempore. The gentleman will state it.

Mr. O'MALLEY. Unless the conference report is voted down, is it possible to vote upon the separate Senate amendments?

The SPEAKER pro tempore. It is not.

The question is on the conference report.

The question was taken; and on a division (demanded by Mr. PALMISANO) there were—ayes 40, noes 46.

Mr. NICHOLS. Mr. Speaker, I object to the vote on the ground there is not a quorum present.

The SPEAKER pro tempore. The Chair will count. [After counting.] One hundred and twenty-eight Members are present, not a quorum.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 113, nays 197, answered "present" 1, not voting 117, as follows:

[Roll No. 71]

YEAS—113

Allen, Del.	Ferguson	McLaughlin	Robertson
Allen, La.	Fletcher	McReynolds	Robinson, Utah
Andrews	Fulmer	McSweeney	Ryan
Arnold	Gamble, N. Y.	Maloney	Satterfield
Atkinson	Gray, Ind.	Mapes	Schaefer, Ill.
Bloom	Greenwood	Martin, Colo.	Schuetz
Boren	Greever	May	Seger
Boyer	Griffith	Mills	Sheppard
Brooks	Griswold	Moser, Pa.	Smith, Conn.
Buck	Haines	Mosler, Ohio	Smith, Okla.
Byrne	Hancock, N. Y.	Mott	Snell
Carter	Harter	Mouton	Sparkman
Cartwright	Healey	Murdock, Utah	Taber
Chapman	Hook	Nichols	Terry
Citron	Houston	O'Connor, N. Y.	Thom
Clark, Idaho	Imhoff	O'Day	Thomas, N. J.
Clason	Izac	O'Neal, Ky.	Thompson, Ill.
Cochran	Kennedy, Md.	O'Neill, N. J.	Tinkham
Cooley	Kleberg	Pace	Treadway
Crawford	Kocialkowski	Palmisano	Wadsworth
Culkin	Lambertson	Parsons	Warren
DeMuth	Lambeth	Patrick	Warren
DeRouen	Lamneck	Peterson, Fla.	White, Ohio
Dixon	Lea	Pettengill	Whittington
Dockweiler	Long	Poage	Williams
Driver	Lucas	Ramsay	Zimmerman
Eaton	Luce	Rayburn	
Edmiston	Luecke, Mich.	Rich	
Eicher	McClellan	Richards	

NAYS—197

Aleshire	Cravens	Forand	Johnson, Lyndon
Allen, Ill.	Creal	Ford, Calif.	Johnson, Minn.
Amle	Crosser	Ford, Miss.	Johnson, Okla.
Anderson, Mo.	Crowe	Gambrill, Md.	Johnson, W. Va.
Andresen, Minn.	Crowther	Garrett	Kee
Bacon	Cullen	Gasque	Keller
Bates	Curley	Gearhart	Kelly, Ill.
Beiter	Daly	Gehrmann	Kitchens
Bell	Delaney	Gilchrist	Kniffin
Bernard	Dies	Goldsbrough	Knutson
Binderup	Dingell	Green	Kopplemann
Bland	Dirksen	Gregory	Kramer
Bolleau	Dondero	Guyer	Kvale
Bradley	Doughton	Gwynne	Lanham
Brewster	Dowell	Halleck	Lanzetta
Brown	Doxey	Hamilton	Larrabee
Buckler, Minn.	Drew, Pa.	Havener	Leavy
Burdick	Drewry, Va.	Hendricks	Lemke
Caldwell	Duncan	Hennings	Lesinski
Cannon, Mo.	Hill	Hobbs	Lewis, Colo.
Carlson	Eberharter	Hoffman	Lord
Case, S. Dak.	Eckert	Honeyman	Luckey, Nebr.
Chandler	Engel	Hope	Ludlow
Church	Englebright	Hull	McAndrews
Cluett	Evans	Hunter	McCormack
Coffee, Wash.	Fernandez	Jarrett	McKeough
Cooper	Fitzgerald	Jenks, N. H.	McLean
Costello	Flaherty	Johnson, Luther A.	Maas
Cox	Fleger	Magnuson	

Mahon, S. C.	Patterson	Sacks	Thomason, Tex.
Mahon, Tex.	Patton	Sadowski	Thurston
Martin, Mass.	Pearson	Sanders	Tolan
Mason	Peterson, Ga.	Sauthoff	Towey
Massingale	Plumley	Schneider, Wis.	Transue
Maverick	Powers	Secrest	Turner
Mead	Rabaut	Shafer, Mich.	Umstead
Meeks	Ramspeck	Shannon	Vincent, B. M.
Merritt	Randolph	Short	Vinson, Ga.
Michener	Rankin	Simpson	Voorhis
Mitchell, Ill.	Reece, Tenn.	Smith, Maine	Walter
Murdock, Ariz.	Reed, Ill.	Smith, Va.	Welch
Nelson	Reed, N. Y.	Smith, Wash.	West
O'Brien, Ill.	Rees, Kans.	Snyder, Pa.	Wigglesworth
O'Brien, Mich.	Reilly	South	Wilcox
O'Connell, R. I.	Rigney	Spence	Withrow
Oliver	Robison, Ky.	Stefan	Wolcott
O'Malley	Rogers, Mass.	Taylor, Colo.	Woodruff
O'Toole	Romjue	Taylor, Tenn.	
Owen	Rutherford	Teigan	
Patman	Sabath	Thomas, Tex.	

ANSWERED "PRESENT"—1

Bigelow

NOT VOTING—117

Allen, Pa.	Dempsey	Jenckes, Ind.	Scott
Arends	Dickstein	Jenkins, Ohio	Scruggam
Ashbrook	Disney	Jones	Shanley
Barden	Ditter	Kelly, N. Y.	Sirovich
Barry	Dorsey	Kennedy, N. Y.	Smith, W. Va.
Barton	Douglas	Keogh	Somers, N. Y.
Beam	Elliott	Kerr	Stack
Biermann	Faddis	Kinzer	Starnes
Boehne	Farley	Kirwan	Steagall
Boland, Pa.	Fish	Lewis, Md.	Sullivan
Boykin	Fitzpatrick	McFarlane	Summers, Tex.
Boylan, N. Y.	Flannagan	McGehee	Sutphin
Buckley, N. Y.	Flannery	McGrath	Sweeney
Bulwinkle	Frey, Pa.	McGrath	Swope
Burch	Fries, Ill.	McGroarty	Tarver
Cannon, Wis.	Fuller	McMillan	Taylor, S. C.
Casey, Mass.	Gavagan	Mansfield	Tobey
Celler	Gifford	Mitchell, Tenn.	Vinson, Fred M.
Champion	Gildea	Norton	Wallgren
Clark, N. C.	Gingery	O'Connell, Mont.	Weaver
Claypool	Gray, Pa.	O'Connor, Mont.	Wene
Coffee, Nebr.	Hancock, N. C.	O'Leary	Wheelchel
Cole, Md.	Harlan	Pfeifer	White, Idaho
Cole, N. Y.	Harrington	Phillips	Wolfenden
Collins	Hart	Pierce	Wolverton
Colmer	Hartley	Polk	Wood
Connery	Hildebrandt	Quinn	Woodrum
Crosby	Holmes	Rockefeller	
Cummings	Jacobsen	Rogers, Okla.	
Deen	Jarman	Schulte	

So the conference report was rejected.

The Clerk announced the following pairs:

General pairs:

Mr. Kerr with Mr. Wolfenden.
 Mr. Woodrum with Mr. Barton.
 Mr. Fred M. Vinson with Mr. Gifford.
 Mr. Sullivan with Mr. Tobey.
 Mr. Tarver with Mr. Jenkins of Ohio.
 Mr. Fuller with Mr. Wolverton.
 Mr. Bulwinkle with Mr. Cole of New York.
 Mr. Jones with Mr. Hartley.
 Mr. Harrington with Mr. Kinzer.
 Mr. Burch with Mr. Arends.
 Mr. Flanagan with Mr. Ditter.
 Mr. McFarlane with Mr. Rockefeller.
 Mr. Mansfield with Mr. Douglas.
 Mr. Collins with Mr. Holmes.
 Mr. Taylor of South Carolina with Mr. Fish.
 Mr. Weaver with Mr. Faddis.
 Mr. Beam with Mr. O'Leary.
 Mr. McMillan with Mr. Crosby.
 Mr. Clark of North Carolina with Mr. Allen of Pennsylvania.
 Mr. Schulte with Mr. Gildea.
 Mr. Sweeney with Mr. Phillips.
 Mr. Shanley with Mr. Keogh.
 Mr. Boehne with Mr. Buckley of New York.
 Mr. Starnes with Mr. Gingery.
 Mr. Hildebrandt with Mr. Sutphin.
 Mr. Barden with Mr. Frey of Pennsylvania.
 Mr. McGehee with Mr. Hancock of North Carolina.
 Mr. Lewis of Maryland with Mr. Farley.
 Mr. Summers of Texas with Mr. Casey.
 Mrs. Jenckes of Indiana with Mr. Pfeifer.
 Mr. Connery with Mr. Wheelchel.
 Mr. Disney with Mr. Steagall.
 Mr. Ashbrook with Mr. Kirwan.
 Mr. Barry with Mr. Dorsey.
 Mr. Fitzpatrick with Mr. Elliott.
 Mr. McGrath with Mr. Biermann.
 Mr. Swope with Mr. Fries of Illinois.
 Mr. Boylan of New York with Mrs. Norton.
 Mr. Boland of Pennsylvania with Mr. McGrath.
 Mr. Pierce with Mr. Coffee of Nebraska.
 Mr. McGrath with Mr. Flannery.
 Mr. Wallgren with Mr. Mitchell of Tennessee.

Mr. Gavagan with Mr. Wene.
 Mr. Celler with Mr. Wood.
 Mr. O'Connell of Montana with Mr. Harlan.
 Mr. O'Connor of Montana with Mr. Sirovich.
 Mr. Gray of Pennsylvania with Mr. Claypool.
 Mr. Polk with Mr. Colmer.
 Mr. Dickstein with Mr. Scrugham.
 Mr. Jarman with Mr. Hart.
 Mr. Kennedy of New York with Mr. Deen.
 Mr. Dempsey with Mr. Somers of New York.
 Mr. Kelly of New York with Mr. Cummings.
 Mr. Scott with Mr. Jacobsen.
 Mr. Cole of Maryland with Mr. Quinn.
 Mr. Boykin with Mr. Rogers of Oklahoma.
 Mr. Smith of West Virginia with Mr. Champion.
 Mr. Cannon of Wisconsin with Mr. Stack.

Mr. SMITH of Washington, Mr. ANDERSON of Missouri, and Mr. HUNTER changed their vote from "yea" to "nay."

The result of the vote was announced as above recorded. The doors were opened.

Mr. PALMISANO. Mr. Speaker, I move that the House insist on the House provisions and ask for a further conference with the Senate.

The motion was agreed to.

The SPEAKER pro tempore (Mr. Buck). Without objection, the Chair will appoint the following conferees: MESSRS. PALMISANO, NICHOLS, and DIRKSEN.

There was no objection.

Mr. SNELL. Mr. Speaker, I ask unanimous consent to proceed for one-half minute to make an announcement.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

REPUBLICAN CONFERENCE

Mr. SNELL. The Republican conference that was called for this afternoon after the adjournment of the House is postponed until tomorrow afternoon after the adjournment of the House, here in the Chamber of the House.

JUVENILE COURT, DISTRICT OF COLUMBIA

Mr. PALMISANO. Mr. Speaker, I call up the conference report on the bill (H. R. 4276) to create a juvenile court in and for the District of Columbia, and for other purposes, and ask unanimous consent that the statement may be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4276) to amend an act entitled "An act to create a juvenile court in and for the District of Columbia", and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 4 and 9. That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 6, 7, 8, 10, 11, 12, and 13, and agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"Whenever any person shall give to the director of social work of the court, or other officer of the court duly designated as his representative, information in his possession that a child is within the provisions of this Act, it shall be the duty of a duly designated officer of the court to make preliminary investigation to determine whether the interests of the public or of the child require that further action be taken and report his finding, together with a statement of the facts, to the director of social work. Whenever practicable such inquiry shall include a preliminary investigation of the home and environmental situation of the child, his previous history, and the circumstances which were the subject of the information. If the director of social work finds that jurisdiction should be acquired, he shall, after consultation with and approval by the corporation counsel or assistant corporation counsel assigned to the court, authorize a petition to be filed. In any case in which said director fails to so find, the person giving information to the director may present the facts to the corporation counsel or his assistant, who, after investigation by an officer of the court as herein provided, may authorize a petition to be filed. The proceed-

ings shall be entitled, "In the matter of _____, a child under eighteen years of age".

And the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment, insert the following: "by respondents, their parents or guardians, or their duly authorized attorneys, but otherwise"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

"SEC. 34. Appeal: Any interested party aggrieved by any final order or judgment of the juvenile court may apply to the United States Court of Appeals for the District of Columbia or to one of the justices thereof for the allowance of an appeal, and the said court or justice may allow such appeal whenever in the opinion of said court or justice the order or judgment ought to be reviewed upon any matter of law. The application for said appeal shall be in writing, shall be verified, and shall state fully the grounds on which the same is asked, and shall include the petition and a narrative statement of the evidence authenticated by the judge of the juvenile court and the assignment or assignments of error relied on and shall be presented to said Court of Appeals, or one of the justices thereof, within such time as that Court may by rule prescribe. If an appeal is allowed, the same shall be placed upon the special calendar and shall be heard by the court as soon thereafter as is convenient to the court and as counsel may be heard. Any party desiring the benefit of the provisions of this section shall give notice in open court of his intention to apply for an appeal: *Provided*, That the appeal or application for the allowance of such appeal shall not suspend the order of the juvenile court, nor shall it discharge the child from the custody of that court or of the person, institution, or agency to whose care such child shall have been committed, unless the court of appeals shall so order. If the United States Court of Appeals for the District of Columbia does not dismiss the proceedings and discharge the child, it shall affirm or modify the order of the juvenile court and remand the child to the jurisdiction of the juvenile court for supervision and care, and thereafter the child shall be and remain under the jurisdiction of the juvenile court in the same manner as if such court had made said order without an appeal having been taken."

And the Senate agree to the same.

VINCENT L. PALMISANO,
 JACK NICHOLS,
 EVERETT M. DIRKSEN,

Managers on the part of the House.

WILLIAM H. KING,
 ROYAL S. COPELAND,
 M. E. TYDINGS,
 WARREN R. AUSTIN,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4276) to amend an act entitled "An act to create a juvenile court in and for the District of Columbia," and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report:

On amendment No. 1: The House bill recognized a principle that children under the jurisdiction of the juvenile court are subject to the discipline and entitled to the protection of the State. The Senate amendment strikes out the House provision. The House recedes.

On amendment No. 2: Under the House bill exclusive and original jurisdiction is given to the juvenile court in certain cases and proceedings, including those concerning any person under 21 years of age charged with having violated any law, or violated any ordinance or regulation of the District of Columbia, prior to having become 18 years of age. The Senate amendment subjects this particular type of case or proceeding to the appropriate statutes of limitation. The House recedes.

On amendment No. 3: The House bill provided that in paternity cases the respondent shall be entitled to a jury trial if he shall so demand. The Senate amendment provides that in such cases the respondent shall be entitled to a jury trial unless he shall voluntarily waive such right and request trial by the court. The House recedes.

On amendment No. 4: Under the House bill, the juvenile court was given original and exclusive jurisdiction to determine cases of adults charged with willfully contributing to, encouraging, or tending to cause by any act or omission any condition which would bring a child within the provisions of this act. The Senate amendment gives the court jurisdiction of any act which shall bring a child within the provisions of this act. The Senate recedes.

On amendment No. 5: The House bill provided that an officer of the juvenile court, upon information, should make a preliminary inquiry to determine whether action by the court should

be taken. If he determined that formal jurisdiction should be acquired, he was directed to authorize a petition to be filed. The Senate amendment provides that such officer report his finding together with a statement of the facts to the Corporation Counsel, and final determination as to whether such formal jurisdiction should be acquired is left to said Corporation Counsel. The House recedes with an amendment which provides that the director of social work, with the approval of the Corporation Counsel, shall determine whether jurisdiction shall be acquired by the court. In any case in which the director fails to find that such jurisdiction should be acquired, the informant may present the facts to the Corporation Counsel who, after an investigation, may authorize a petition to be filed.

On amendment No. 6: This is a clarifying amendment providing that the petition shall be verified by the officer making the investigation, or some other person having personal knowledge of the case. The House recedes.

On amendment No. 7: The House bill provided that summons may be issued requiring the appearance at a hearing of any person whose presence, in the opinion of the judge, is necessary. The Senate amendment strikes out the words "in the opinion of the judge." The House recedes.

On amendment No. 8: The House bill provided that in case the summons cannot be served, or the parties served fail to obey the same, or in any case when it shall be made to appear to the judge that the service will be ineffectual or the welfare of the child requires that he shall be brought forthwith into the custody of the court, a warrant may be issued against the parent or guardian or against the child himself. The Senate amendment strikes out "or in any case when it shall be made to appear to the judge that the service will be ineffectual." The House recedes.

On amendment No. 9: The House bill provided that the court should hear and determine all cases of children without a jury unless a jury be demanded by the child, his parent or guardian, or the court. The Senate amendment provides that such cases be held without a jury only where the child or its parent or guardian has expressly waived a jury trial. The Senate recedes.

On amendments Nos. 10 and 11: The House bill provided that the court could place a child on probation, commit the child to the Board of Public Welfare or other enumerated institutions, and make such further disposition as the court deemed to be best for the best interests of the child, except as herein otherwise provided. Senate amendment No. 10 provides that the court may make such further disposition of the child as may be provided by law and as the court may deem to be best for the best interests of the child. Senate amendment No. 11 strikes out "except as herein otherwise provided" and adds a proviso to the effect that nothing in the paragraph shall be construed as authorizing the removal of the child from the custody of his parents unless his welfare and the safety and protection of the public cannot be adequately safeguarded without such removal. The House recedes.

On amendment No. 12: The House bill provided that if an adult is charged with an offense for which he is entitled to a trial by jury, and if he shall so demand, a jury shall be selected in accordance with provisions of law regulating the selection of juries in the District Court for the United States for the District of Columbia. The Senate amendment provides that if an adult is charged with an offense for which he is entitled to a trial by jury, he shall be so tried unless he shall expressly waive his right to such a trial. The House recedes.

On amendment No. 13: The House bill provided that the judge of the juvenile court could designate a social worker of the court as commissioner. The Senate amendment strikes this provision out. The House recedes.

On amendment No. 14: The House bill provided that the records of the court should be open to inspection only by order of the District Court of the United States for the District of Columbia. The Senate amendment provides that such records shall be open to inspection by defendants, their parents or guardians, or their duly authorized attorneys, but otherwise only by order of such court. The House recedes with an amendment by striking out "defendants" and inserting in lieu thereof "respondents."

On amendment No. 15: The House bill provided that any party aggrieved by any final order or judgment of the juvenile court could apply to the Court of Appeals for the District of Columbia for the allowance of a special appeal, and such court might allow such appeal whenever it was made to appear that it would be in the interests of justice to allow an appeal. The Senate amendment provides for such appeals to the United States Court of Appeals for the District of Columbia whenever in the opinion of the court or a justice thereof the order or judgment ought to be reviewed upon any matter of law. The amendment sets out in detail that the application for such appeal shall be in writing, shall be verified, and shall state fully the grounds upon which same is asked, and shall include the petition and a narrative statement of the evidence, authenticated by the judge of the juvenile court, and the assignment or assignments of error relied on. The House recedes with two amendments, one of which provides that such applications for appeal shall be presented to said court of appeals, or one of the justices thereof, within such time as that court may by rule prescribe, and the other by striking out "privileged docket" and inserting "special calendar."

VINCENT L. PALMISANO,

JACK NICHOLS,

EVERETT M. DIRKSEN,

Managers on the part of the House.

Mr. PALMISANO. Mr. Speaker, this is a conference report on the bill creating a juvenile court. There was no opposition to the bill in the House. The Senate added a few amendments to which there is no objection. The conference report is agreed to by all the members of the conference committee.

Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to, and a motion to reconsider was laid on the table.

PERMISSION TO ADDRESS THE HOUSE

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent that on tomorrow after the disposition of matters on the Speaker's table, and at the conclusion of the legislative business in order for the day, I may proceed for 10 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent that on tomorrow after the disposition of business on the Speaker's table, the legislative program in order for the day, and the special orders, I may address the House for 10 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

EXTENSION OF REMARKS

Mr. DALY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a statement showing the beneficial effects of the reciprocal-trade agreements entered into by Secretary Hull.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. O'NEILL of New Jersey. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein copy of an address made by the Postmaster General of the United States.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. SNELL. Mr. Speaker, I ask unanimous consent to proceed for 1 minute to ask a question.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SNELL. As I understand, there is only about 1 hour's general debate left on the civil aeronautics authority bill about to be taken up?

Mr. LEA. Approximately.

Mr. SNELL. Is it proposed to do any more than to conclude general debate this afternoon?

Mr. LEA. It is proposed to pass the bill today if we can.

Mr. SNELL. The gentleman intends to have the bill passed this afternoon?

Mr. LEA. We hope so.

CIVIL AERONAUTICS AUTHORITY

Mr. LEA. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 9738) to create a Civil Aeronautics Authority, to provide for the regulation of civil aeronautics, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 9738, with Mr. GRISWOLD in the chair.

The Clerk read the title of the bill.

Mr. MAPES. Mr. Chairman, I yield 20 minutes to the gentleman from New York [Mr. WADSWORTH].

Mr. WADSWORTH. Mr. Chairman, the gentleman from Michigan [Mr. MAPES] made a very interesting address upon

this bill on Saturday. I regret I was not here to listen. I gather from the report, however, that the gentleman set forth some fundamental views with respect to the policy to be pursued by the Government in the regulation of transportation by rail, by motor vehicle, and by air. In that address it is fair to say that the gentleman expressed the attitude of the minority members of the Committee on Interstate and Foreign Commerce. I am not at all certain that I can add anything to what he said upon that occasion; but I crave the indulgence of the Committee for just a little while in an endeavor to bring before you as succinctly as I can some very peculiar circumstances under which this bill is brought forward.

I may say, in explanation, that I had the honor of serving on a subcommittee which went along diligently in the preparation of the details of this measure under the leadership of the chairman of the committee itself, the gentleman from California [Mr. LEA]. So far as this measure goes in setting up the details of regulation, I think that subcommittee did a good job, and I have very, very few criticisms to make of the details of the bill.

The thing that disturbs me is the fact that in seeking to establish, as this bill seeks to establish, a new authority or commission separate and distinct from the 50, 60, or 80 commissions or bureaus we already have, we have made a mistake in the fundamental policy of regulation of transportation. Since 1887, if my recollection is correct, the Interstate Commerce Commission of the United States has had confided to it the regulation of agencies engaged in interstate transportation. Of course, the members of the committee are entirely familiar with the jurisdiction of the I. C. C. over all the railroads, including joint and through rates between the railroads and inland water transportation.

The members of the committee must be aware of the high standing of the Interstate Commerce Commission and, in general, of the very excellent work it has done over this long period of time. It has been truly an agency of the Congress of the United States, set up to administer a law of the Congress, according to rules and standards laid down by the Congress itself. Something like 3 years ago, I believe, the jurisdiction of the Interstate Commerce Commission was extended to cover motor vehicles engaged in interstate commerce, both common carriers and contract carriers. That was logical.

During the last 5 or 6 years movements have been set on foot on many occasions and from responsible sources in the direction of the regulation of commerce in the air. I think most people have realized that sooner or later we must come to the governmental regulation of air commerce. At this moment there is very little, if any, regulation of civil aeronautics. The Federal Government, acting in part through the Postmaster General, in part through the Bureau of Aeronautics of the Department of Commerce, and in part through the Interstate Commerce Commission, regulates that portion of air commerce engaged in the transportation of the mail, and to no important degree does the Government regulate any other branch of commercial aviation.

We got into that regulation, of course, as the result of our resorting to the airplane to carry mail. At the present time the Postmaster General lets the contract for the air-mail carriers on a competitive basis, and as has been pointed out upon more than one occasion, the result of the letting of those contracts is absurd upon its face, because the lines are so competitive that the successful bidder turns out to be a company, sometimes a great company and sometimes a very small company, whose bid is so low as to be absurd upon its face.

In an endeavor to correct that situation, which was inherent in competitive bidding for air-mail contracts, the Congress, a couple of years ago, clothed the Interstate Commerce Commission with the power to revise the air-mail contracts and to fix reasonable rates to be paid the carriers by the Post Office Department, so to that extent the Interstate Commerce Commission has jurisdiction over the air-mail carriers.

The Department of Commerce, through its Bureau of Aeronautics, has jurisdiction over the licensing of airplanes in the interest of safety, and the licensing of pilots, likewise in the interest of safety. Further, it has jurisdiction over the laying out of the airways and the installation of the radio beacons, lights, and various other facilities to make travel in the air more safe. However, no attempt has been made thus far to regulate rates of fare for passengers and freight or express in air commerce interstate. No attempt has been made thus far to regulate the financial practices of commercial aviation companies. No attempt has been made thus far to assume on the part of the Government and lodge with some agency jurisdiction over through rates—rates, for example, between the airplane and the railroad train, or between the airplane and the motorbus. The whole field of the regulation of commercial aviation is practically neglected at this time.

It was with a knowledge of that fact and in the conviction that commercial aviation should be regulated not only in the interest of the public but in the interest of those engaged in it as a business that the Committee on Interstate and Foreign Commerce, commencing early in the winter of 1937, gave consideration to a bill whose provisions lodged the regulation of commercial aviation with the Interstate Commerce Commission. We held lengthy hearings upon that measure. In giving it our favorable consideration in the first instance, the committee was following the recommendation of the President of the United States, who, according to my way of thinking, quite logically has taken the attitude that all commercial interstate transportation in this country should be regulated by a single governmental agency, and that as the Interstate Commerce Commission already regulated the railroads and the motor vehicles and, to an extent, the inland waterway transportation, as well as the interrelations between those several kinds of transportation, the logical place to put commercial aviation is in the Interstate Commerce Commission.

Through extended hearings in which vivid interest was taken by all the members, the committee completed the structure of a bill and reported it unanimously to the House. That bill has now been on the calendar since May 28, 1937. As I say, it was reported unanimously. It seemed to us the logical step to take in the matter of bringing air commerce under the control of the Government. We followed the recommendation of the President gladly. Indeed, I have not the slightest doubt that without such a recommendation an overwhelming majority of our committee would have recommended to the House of Representatives that commercial aviation should be put under the Interstate Commerce Commission. That bill, which is H. R. 7273, is now on the House calendar. As I stated a moment ago, it has been there since May 28, 1937.

Just when and how a change in the policy came about I do not know. From May 28, 1937, until nearly the end of August no effort was made, within my knowledge, to bring that bill before the House. To the best of my information, sometime during the autumn of 1937 an interdepartmental committee was made up, doubtless with the consent and perhaps on the initiative of the President, composed of the assistant secretaries of the several Departments of the Government interested or potentially interested in civil aviation. It was not until this bill was introduced, about the 1st of March, as I recall, that the members of the Committee on Interstate and Foreign Commerce awoke to the fact that the policy was changing.

Let me say at this point that much of the work done on this bill, especially that done by the chairman of the committee, the gentleman from California [Mr. LEA], has been excellently done. I do not stand here to criticize his work in the slightest degree. The thing that dismayed some of us was the fact that instead of confiding this work to the Interstate Commerce Commission, where the President had said it belonged and where by unanimous vote our committee had said it belonged, this bill creates a brand new commission or agency of the Government called an authority.

In the first instance, the request was that the authority consist of five members to be appointed by the President in the usual manner and to be paid \$10,000 a year. Your committee has cut that number to three and has confided to this authority, a new, separate, and additional branch of the Government, the regulation of all air commerce, rates, charges, financial set-ups, financial practices, and any other proper function of regulation which this great and growing transportation industry should have imposed upon it.

I do not think I am exaggerating the situation when I say that many members of the Interstate Commerce Committee were amazed. Here is our bill upon the calendar. It has been there since last May.

Mr. TERRY. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. TERRY. Was it the idea of the Interstate Commerce Committee of the House to enlarge the I. C. C. in the event this additional power was given it to control aviation?

Mr. WADSWORTH. The bill that is on the calendar, as I recall it, sets up a division in the I. C. C., but does not enlarge the membership.

Mr. TERRY. There was some talk about enlarging the number of members of the I. C. C. in the event they took on the additional responsibility.

Mr. WADSWORTH. The bill did not provide for that, according to my best recollection.

Mr. WITHROW. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman.

Mr. WITHROW. Just at this point it might be interesting to note that the bill that is now on the calendar in the Senate provides for this authority being invested in the I. C. C. The bill on the calendar in the Senate is a bill to amend the Interstate Commerce Act so as to provide that the Interstate Commerce Commission shall have this authority.

Mr. WADSWORTH. That is true. Just what the fate of the bill in the Senate will be none of us can tell. It is a fact there is a bill on the calendar of the Senate that confides this work to the I. C. C., there is a bill on our calendar that confides this work to the I. C. C., and you now have before you a bill that confides it to a brand new authority.

Now, as I endeavored to make clear a little while ago, my criticism of this situation is not directed in the slightest degree to the members of the Committee on Interstate Commerce, who have done a lot of work on this bill, and in my judgment done very good work on its details. The thing I wanted to lay before the committee is this: This bill constitutes a desertion of the policy pursued by the Congress for years past.

Mr. LEA. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman from California.

Mr. LEA. I think it might be pertinent at this time to remind the House of what I understand is the fact, that the bill reported in the Senate and referred to by the gentleman is a bill introduced by Senator McCARRAN, who has abandoned that bill and is supporting a bill calling for an independent commission.

Mr. WADSWORTH. The observations of the chairman of our committee demonstrate to the Members of this Committee of the Whole how this thing is being juggled back and forth. I cannot follow it.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman.

Mr. SHORT. Could the bill under present consideration possibly be an argument for the reorganization bill?

Mr. WADSWORTH. I will say to the gentleman from Missouri that the Committee on Interstate Commerce reached the final phase of consideration of this bill, with its separate authority, at just about the time that the reorganization fight was going on here in the House. It is not divulging any secret to admit to you that I was against the reorganization bill and so were other members of the Inter-

state Commerce Committee. Others were in favor of the reorganization bill, claiming that the reorganization bill would bring about a simplification of government, and look at this. [Laughter.]

[Here the gavel fell.]

Mr. MAPES. Mr. Chairman, I yield the gentleman from New York 5 additional minutes.

Mr. WADSWORTH. There is no simplification in this bill. This adds another great Federal commission or authority to do the kind of work that under the traditions and the policies of the Congress has been confided to the Interstate Commerce Commission and should be confided to it.

Now, it has been suggested in perfectly friendly fashion by the gentleman from Arkansas, or at least it has been intimated by him, that perhaps the Interstate Commerce Commission might well be enlarged, if it is to be given additional functions. I agree with that, and at the risk of having my ignorance of the inside workings or the necessities of the I. C. C. exposed upon this floor, let me say that in many a conversation and in many a conference among the members of our committee, in anticipation of the centering of the regulation of all transportation under a single agency, the Interstate Commerce Commission, it has been conceded that the I. C. C. might better be reorganized within itself, divided, perhaps—and this is a tentative suggestion—into three divisions, one to govern railroads, one to govern motor vehicles, and the other to govern civil aviation, with general jurisdiction in the I. C. C. as a single body to fix through route and joint rates as between the different elements of transportation, and that in such a reorganization there might be involved the addition of a couple of additional members. By means of such a reorganization, logically accomplished within the present organization of the I. C. C., we would reach a final and logical policy as to how transportation in the United States, interstate in character, should be regulated by the Government. This bill deserts that policy. This is my only criticism of it. I am ready to defend page after page of the details of this bill. In my judgment, it is excellently drawn in the matter of the imposition of the regulation, its basic and only fault being it confides it to the wrong body.

It has been said by optimists on our committee that this bill, being excellently drawn and setting up wisely devised machinery for the regulation of commercial aviation, could stand as a model for 2 or 3 years and then be used in connection with the reorganization of the I. C. C., and the I. C. C. then given the regulation of air commerce. That may be one of the virtues of this bill, but we are taking a big chance. I have been in legislative bodies long enough to know that once you establish a commission, give it pretty good salaries, allow it to accumulate a vast staff and send its agents and inspectors all over the United States, acquire to itself adherents of one kind or another, people who become accustomed to rely on that particular kind of commission for information, assistance, or relief—in other words, when it throws its roots down into the soil and gets itself established, you have the devil's own time passing any act abolishing it.

Mr. KITCHENS. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. KITCHENS. Does the gentleman intend to offer an amendment to this bill that will do away with this agency and put it under the Interstate Commerce Commission?

Mr. WADSWORTH. It is the intention of a Member of the minority to offer a very simple amendment to this bill which will test the committee on the question of policy.

[Here the gavel fell.]

Mr. MAPES. Mr. Chairman, I yield 5 additional minutes to the gentleman from New York.

Mr. WADSWORTH. It would be physically possible for us to offer amendments to this bill transforming it in the matter of the agency to be used from this new authority back to the I. C. C., but it would take hundreds of amendments running all through the bill; so some of us, in talking it over, reached a tentative agreement that a simple amendment would be offered in the definition or description of the

word "authority" and make it read on that particular line "Interstate Commerce Commission." That would test the sentiment of the House on the broad policy.

Mr. SHEPPARD. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. SHEPPARD. Will the gentleman kindly explain for my benefit his particular reason for wanting to centralize this in the Interstate Commerce Commission? It has been my impression from what the gentleman has said thus far that he wants to see centralized in the Interstate Commerce Commission, a rate-making body, all transportation facilities. What is the gentleman's idea in advocating that?

Mr. WADSWORTH. The belief has grown in recent years that transportation in the United States should be considered very largely as one vast interrelated problem. The Congress followed that principle when it confided to the I. C. C. the regulation in interstate commerce of motor vehicles that compete with railroads, and also cooperate with railroads, since they pass freight from a motor truck to a railroad train, and a through rate may be established. To serve the public best a single agency of the Government should regulate all transportation that is interstate in character in this country so that it can be coordinated. The time will come when civil aviation—if more prosperous times come—just at present it is in a desperate condition—but the time will come when civil aviation will carry tremendous loads of express as well as increasing loads of passengers. For example, we know now that express packages originate in South Dakota and turn up in Panama, part by rail and part by airplane. There is no agency of Government to regulate that through rate. This bill attempts to bridge that chasm by instructing the Chairman of the Interstate Commerce Commission to appoint a committee of his own Commission to confer with a committee of this new authority and jointly to fix through rates; but still we have two agencies of the Government trying to do the same thing. It is bad policy.

Mr. EICHER. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. EICHER. Is it not true that the bill which was reported by the committee last year (H. R. 7273) did not assume to give the Interstate Commerce Commission jurisdiction over anything except the economic phases of aviation?

Mr. WADSWORTH. Economic phases, including rates.

Mr. EICHER. Rates make up the greater part of the economic phase.

Mr. WADSWORTH. Yes.

Mr. EICHER. Does the gentleman honestly feel that the Interstate Commerce Commission itself, the members of it, would consider themselves qualified to take jurisdiction over all the phases of aviation included in this bill, such as the qualification of private fliers, safety factors, technical development of aviation in general, and so forth?

Mr. WADSWORTH. Yes, I do. As I said, they can be reorganized and one division established to specialize in aviation. The Commission has existed for years, is accustomed to acting as a rate-making body and to passing upon rate questions in a judicial manner.

They are accustomed to study traffic and for them to take under their jurisdiction the consideration of the rates of air lines would not be straining their intellect terribly because they are accustomed to doing that kind of work. As to safety devices, may I remind the gentleman from Iowa that the Interstate Commerce Commission now has jurisdiction over the safety devices on the railroads. True, those devices do not resemble the safety devices which are necessary in air commerce, but it could employ experts to help them and we could put in an administrator, as we do in this bill. We could put in a director of safety, as we do in this bill. You would then have a logical set-up for carrying out the logical policy of the Government.

Mr. EICHER. The gentleman concedes that to accomplish that we would have to reorganize the Interstate Commerce Commission.

Mr. WADSWORTH. I believe so.

[Here the gavel fell.]

Mr. MAPES. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. WADSWORTH. Mr. Chairman, here is my complaint as to the way in which this has come about. I wish the Interstate Commerce Committee had known earlier that an interdepartmental committee was to do the work of drafting the bill. If we had we could have gone to them and demonstrated conclusively that it should not attempt to persuade the Congress to depart from this policy. We could have sat down with them, a subcommittee of our committee, and a subcommittee of the interdepartmental committee, and drafted a bill reorganizing the Interstate Commerce Commission, and making it thoroughly effective in covering this thing. We could have given to the Interstate Commerce Commission this jurisdiction and in doing so we would have been carrying out the recommendations of the President of the United States.

Mr. SHEPPARD. Will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman from California.

Mr. SHEPPARD. Does the gentleman believe from the recent expression of this House that the Members have in mind reorganizing anything?

Mr. WADSWORTH. I think the House is perfectly able to and is inclined to reorganize things.

Mr. SHEPPARD. That was not demonstrated by the recent act of the House.

Mr. WADSWORTH. That had to do with letting somebody else do it.

Mr. SHEPPARD. Not necessarily.

Mr. TERRY. Will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman from Arkansas.

Mr. TERRY. The gentleman from Iowa [Mr. EICHER] mentioned awhile ago the matter of safety devices in connection with aviation. I believe that in the Aeronautical Division of the Department of Commerce is lodged jurisdiction over questions of safety?

Mr. WADSWORTH. Yes.

Mr. TERRY. And they have gone into that matter very fully.

Mr. WADSWORTH. The Department through its Bureau of Aeronautics now governs safety. [Applause.]

[Here the gavel fell.]

Mr. MAPES. Mr. Chairman, I yield 15 minutes to the gentleman from Wisconsin [Mr. WITHROW].

Mr. RANDOLPH. Will the gentleman yield?

Mr. WITHROW. I yield to the gentleman from West Virginia.

Mr. RANDOLPH. I desired to ask a question of the gentleman from New York [Mr. WADSWORTH], but I am certain that the gentleman from Wisconsin is familiar with the subject and can also answer this question. There are peculiar advantages to both the Interstate Commerce Commission control or the new authority as placed in the administration of this bill. There are certain broad immediate needs for an aviation policy for this Nation to follow. The gentleman believes there is that need which should be met now?

Mr. WITHROW. I do not think there is any question in the minds of the members of the committee in that regard, and I hope I am not presuming too much when I say that there is need for coordination in the administration of aeronautics.

Mr. Chairman, I am in entire agreement with most of the approaches in the bill. I want to commend the chairman of the Committee on Interstate and Foreign Commerce for the very fine work done on the bill. It is not at all agreeable for me to oppose the majority members of my committee. In this instance I am supporting the so-called Crosser amendments which have to do with certain requirements and certain regulations relative to the wages and hours of pilots. I believe that is basic and that it is an elementary necessity as a definite part of the bill. I am also supporting

an amendment that will be offered by the gentleman from Michigan [Mr. MAPES], which will concentrate the authority of administration in the I. C. C. because I believe that likewise is constructive and absolutely necessary.

We are all in agreement that something must be done to coordinate the administration of aeronautics. It is absolutely necessary, and I believe that criticism of past administration is justified. There has not been proper coordination, and the reason for that is that part of the administrative authority is in the Post Office Department, part of the administrative authority is with the Department of Commerce, and the other part of the administrative authority is vested in the I. C. C. Until you vest in one governmental organization that will act independently you will have no coordination. There is no indication on the part of any of the airplane corporations that they are going to set up any board of their own to coordinate the industry; therefore the Government must do it, and any coordination that has been attempted thus far has been done through the Federal Government.

If there is any criticism of that coordination, I have never heard any of the criticism pointed toward the I. C. C. If there is anything wrong with the phase of the administration the I. C. C. exercises over the aeronautical industry, I believe that here and now is the time to make public that criticism. The I. C. C. in reality is an independent arm of the Government.

I believe most of the opposition to the centralizing of this authority in the I. C. C. is due to the fact that there are individuals and corporations within the United States that realize the I. C. C. is really an independent organization, independent in action and thought. What applies to the aeronautical industry applies with more force, Mr. Chairman, to the transportation agencies of this country, because if you do not harmonize all of the transportation facilities of this country you will not have a real front, you will not have a real national defense, and the transportation facilities of the country will not be operated in the public interest.

Mr. Chairman, I want to quote testimony for a moment. I believe the people who are most interested in aeronautics are probably the people who fly the ships, because in looking out for their own safety they are looking out for the safety of the passengers who travel on ships in the air.

I shall soon quote from the testimony of Mr. Behncke, who is president of the Air Line Pilots Association. The Washington Herald in an editorial on May 9 had the following to say:

If there is one body of men in the world who ought to be considered experts beyond challenge in their field it is the Air Line Pilots Association, whose members fly millions of miles over America each year. These men go aloft morning, noon, and night as the sole custodians not only of their own lives, but the lives of thousands of other people.

This is what the president of the Air Line Pilots Association had to say when appearing before the House Committee on Interstate and Foreign Commerce:

We believe that all forms of transportation should be coordinated into a single agency. We believe there is a great advantage to having air transportation regulated by an experienced body such as the Interstate Commerce Commission, where the rules and practices are known and the effects can be reasonably predicted. Any new agency must necessarily be an unknown quantity until it has gone through a character-building period during which time practically all of its rules, procedures, practices, and so forth must be worked out by trial and error, and after many years they will probably be on the same footing with an agency such as the Interstate Commerce Commission insofar as actual results are concerned. In other words, a new agency will have to go through a long period before it becomes stabilized in the same way and to the same extent as the Interstate Commerce Commission practices are stabilized today.

This is from the President of the Air Line Pilots Association, a man who has taken ships aloft, a man who is interested in the welfare of the pilots, who are the sole custodians of the ships.

Last year the House Committee on Interstate and Foreign Commerce recommended by a unanimous vote legislation that would retain with the Interstate Commerce Commis-

sion this authority. I have not changed my mind since that recommendation was made by the committee, but apparently there has been a change in the attitude of a great many members of the committee with regard to that particular measure. I believe it was good legislation then and I still believe it is good legislation.

What has happened since May 1937? An interdepartmental committee was formed. I say this very advisedly. This interdepartmental committee consisted of the Assistant Secretaries of State, War, Navy, Post Office, Commerce, and the Treasury. It seems rather peculiar that the Interstate Commerce Commission was not represented on that interdepartmental committee, but representatives of the I. C. C. were permitted only to testify before that committee and their testimony is not available either to the House Committee on Interstate and Foreign Commerce or to the House itself. To me, this interdepartmental committee may be likened to a sewing circle. If you do not attend the sewing circle you get your feathers plucked. Believe me, in this particular instance they certainly plucked the I. C. C.

Bear in mind you are not setting up a temporary agency; you are setting up a permanent agency of the Government. There are those who will claim, probably, that by setting up this particular arm of the Government, this particular agency, you will in reality be saving the Government money.

Mr. ZIMMERMAN. Mr. Chairman, will the gentleman yield?

Mr. WITHROW. I will yield in a few moments.

In reply to that claim I may say I have seen a great many permanent agencies of the Government established, as have you, and if this agency saves the Government money it will be the first independent agency that has ever been set up that does save the Federal Government money. As a matter of fact, our experience has been that agencies have been established, and even when they are established temporarily they grow like toadstools. You cannot stop them. They will put one or two men on the job to justify their existence, and they will take every cent of money you have in your pocket if you will permit them to do it. This has been our experience thus far.

In conclusion, I may say that in my opinion, if you are interested in helping transportation, if you are interested in coordinating transportation, the place for you to vest this authority is the Interstate Commerce Commission, which has really been an independent agency. I believe, and I am sincere in the belief, that the fact the Commission has in reality been an independent agency is the reason that today it is being sacrificed. [Applause.]

Mr. LEA. Mr. Chairman, I yield 4 minutes to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Chairman, I do not have very much time to discuss this all-important question of creating an independent aviation commission rather than turning the control and regulation of air commerce over to the Interstate Commerce Commission, but I may say there have been a number of investigations of this question during the past 10 years. The last investigation authorized by Congress was as the result of the passage of the Air Mail Act of 1934. Without an exception, all investigations, departmental as well as independent investigations, investigations that knew about the efficiency of the Interstate Commerce Commission and about the regulation of aviation by the Department of Commerce and also of the sponsoring of aviation by the Post Office Department, recommended the establishment of an independent aviation commission, exactly as is contained in the bill brought in by this committee.

In each case where experts investigated, an independent commission was recommended.

Now, something has been said about the President's position. The President recommended to Congress that it make a general study of the question of coordinating all forms of transportation in the Interstate Commerce Commission. The President did not say to reorganize the Interstate Commerce Commission immediately and place the control of aviation in that organization; but he asked the Congress to

make a study of it, and as yet the Congress has not had time to go into that subject. The President's commission, however, that was appointed made the recommendation that an independent agency be created to take over the authority and the control of aviation. Their recommendation is contained in the pending bill.

Oh, I have listened patiently during the last few minutes to the praise that has been heaped upon the Interstate Commerce Commission, and I have in the material before me some criticism of the Commission made only recently by the president of the American Federation of Labor regarding the attitude of the Commission in forcing the drivers of motor vehicles to work a 15-hour day, to work a 60-hour week, and I wondered where the efficient Commission, in this enlightened day of the shorter workweek and with the huge unemployment problem, finds ground for a decision that would have read well in the late days of the last century. Why, the Commission is already 18 months behind in its air-mail work; it is 2 years behind in carrying out the provisions of the Motorbus Regulation Act; and I do not know how far it is behind in trying to give the country effective administration of railroad transportation. Of course, I do not place all the blame in the I. C. C., Congress may have been neglectful in providing adequate funds. But we cannot remedy the condition by increasing the burden of the Commission. [Applause.]

The President's suggestion in his message on railroad relief, that "all executive functions relating to all transportation" should be placed "in one Federal department," and "all quasi-judicial and quasi-legislative matters relating to all transportation" be placed in a "reorganized Interstate Commerce Commission," was contrary to the policy of the civil aeronautics bill recently reported to the House by the Interstate and Foreign Commerce Committee which has been endorsed by the administration.

Suggestions by the President regarding the organization of the agencies dealing with transportation represent his views as to a desirable long-range solution of the administrative problem which he recommends for future congressional study with respect to all types of transportation. The need of regulation in the field of air transportation, however, is immediate, and it is imperative, if the soundness of the industry is to be preserved, that legislation be enacted at this session of Congress. For this reason, it has been deemed advisable to recommend that until such time as Congress has studied the broad problem of coordinating the Federal agencies dealing with all forms of transportation, Congress, in enacting legislation at its present session for the regulation of air transportation, should vest all of the functions relating to such regulation in a new independent agency.

The Interstate Commerce Commission is greatly overburdened with work, as is evidenced by the testimony of representatives of the Commission at hearings held in December by the House Committee on Appropriations on the independent offices appropriation bill. Thus, the Commission is apparently about 18 months behind in its work under the Air Mail Act of 1934 with respect to the review of rates for air-mail compensation, and is even further in arrears in its work under the Motor Carrier Act of 1935.

Joseph B. Eastman, a member of the Interstate Commerce Commission, in his report as Federal Coordinator of Transportation, transmitted to Congress on January 21, 1936, stressed the need for reorganization of that Commission in order to take care of its expanded functions with respect to motor carriers and possible future regulation of air transportation, and the report made to the President by Commissioners Splawn, Eastman, and Mahaffie, transmitted with the President's railroad message, again stresses the need for reorganization of the Commission.

In the face of these circumstances, it would be extremely unwise to vest at this time in the Interstate Commerce Commission the administration of the important new functions prescribed by the civil aeronautics bill for the detailed regulation of all phases of air transportation. These functions, other than those relating to safety regulation, are for the

first time being applied to air transportation, a mode of transportation entirely different from any other mode, with many different problems, and at present in the throes of rapid development. The regulation of flying provided by the bill, involves more than the regulation of common-carrier transportation, but of all commercial interstate operation and flight on the civil airways established by the Federal Government, and includes promotional duties in connection with the development of aeronautics and such details as the examining and licensing of airmen. Most of these functions are entirely outside the scope of those now exercised by the Interstate Commerce Commission with respect to other forms of transportation. If the development of civil aeronautics in the United States is not to be retarded, it seems essential that the administration of the various features of the civil aeronautics bill be vested in an agency which can devote its entire time to a careful study of the problems of aviation and which can coordinate the various phases of aeronautics regulation, rather than to entrust such work to the Interstate Commerce Commission under the conditions now existing in the Commission.

Until such time as Congress can make the study recommended by the President in his railroad message regarding the reorganization of the Interstate Commerce Commission and the creation of a unified Federal transportation agency, it is the only proper course and is certainly not inconsistent with the President's suggestion to vest the regulation of air transportation in a new agency which will deal only with such transportation.

Mr. MAPES. Mr. Chairman, I have no further requests for time on this side.

Mr. LEA. Mr. Chairman, I yield 3 minutes to the gentleman from Colorado [Mr. MARTIN].

Mr. MARTIN of Colorado. Mr. Chairman, I can endorse every word in praise of the Interstate Commerce Commission uttered by the gentleman from New York [Mr. WADSWORTH] and by the gentleman from Wisconsin [Mr. WITHROW]; in fact, I eulogized the Interstate Commerce Commission here Saturday afternoon on the floor of the House on this bill to such an extent that I had to tone down my remarks a little for inclusion in the Record for fear of offending other agencies of the Government.

However, I can do this without arriving at the conclusions they have arrived at concerning this legislation. I stated Saturday I started out on the committee hearings very strongly for the Interstate Commerce Commission and against the creation of a new agency and wound up for the independent authority by reason of the showing there that convinced me that this great, new, world-wide activity—the only form of transportation in the world that knows no land or sea, not even international boundaries—expanding with great rapidity, and highly experimental, ought to be placed in an independent agency that could devote its entire time and attention to the activity; and, as has just been well stated by the gentleman from New York [Mr. MEAD], the Interstate Commerce Commission, as now organized and as now overloaded, is not in a position to handle this activity rapidly and efficiently. This condition cannot be successfully denied. The Commission itself does not question it.

So far as I am concerned, having changed my own mind from the Interstate Commerce Commission to a new authority during the hearings, I do not feel in a position to criticize anybody higher up the line who has done so. As pointed out by Mr. WADSWORTH, the President himself has done so. He is for this bill.

I concede, just as the gentleman from New York has said, that our committee, which reported this bill out by more than a two-thirds majority, last year unanimously reported out a bill placing jurisdiction of this activity in the Interstate Commerce Commission. That bill bogged down and got nowhere, but I do not believe that the real reasons behind the failure of that bill have been made evident, and it is a delicate matter to discuss, but every member of that committee knows that the departments involved were not willing to surrender to another department or to have transferred to

another existing agency of the Government the jurisdiction they then possessed, and they appeared before our committee and made the fact known.

[Here the gavel fell.]

Mr. LEA. Mr. Chairman, I yield the gentleman from Colorado 1 additional minute.

Mr. MARTIN of Colorado. I have always had the impression that the reason that bill bogged down was because of opposition from departments down the Avenue, but when they got this interdepartmental committee organized and it proposed to transfer all of their authorities to a new agency, they went along with that. They were not willing to have them transferred to each other, but we all know that story only too well.

I may say further than every word that has been said here this afternoon in behalf of placing aviation under the Interstate Commerce Commission would apply with 10 times greater force to water transportation, over which the Interstate Commerce Commission already had jurisdiction in the matter of through routes and joint rates between railroads and ship lines, and yet a year ago this House deliberately stripped the Interstate Commerce Committee of all its jurisdiction over water transportation and set up a new Maritime Commission to have jurisdiction over all water transportation, even the inland waterways, which compete directly with the railroads. That is another thing that has dampened my ardor a little for unified control, but I would still be for it if it appeared feasible.

I believe there should be one agency with jurisdiction over all forms of transportation. An enlarged and subdivided Interstate Commerce Commission could handle that, but we cannot reorganize the Interstate Commerce Commission now. So the only thing we can do is turn aeronautics over to this new authority. [Applause.]

[Here the gavel fell.]

Mr. LEA. Mr. Chairman, I yield 2 minutes to the gentleman from West Virginia [Mr. RANDOLPH].

Mr. RANDOLPH. Mr. Chairman, with prophetic vision almost a hundred years ago Tennyson wrote a poem in which he said:

For I dipt into the future, far as human eye can see,
Saw the vision of the world, and the wonder that would be;
Saw the heavens filled with commerce, argosies of magic sails,
Pilots of the purple twilight, dropping down with costly bales.

I agree that those words were prophetic. [Applause.]

We are faced with a new day. Aviation is at the crossroads, and we must act now to aid this great industry.

It seems like only yesterday—it was 10 years ago and a little more—that Charles Lindbergh flew his frail craft from New York to Paris while the world applauded his daring. He pioneered. Since then many flights across the Atlantic have been made successfully, and it will not be many months until regular trans-Atlantic service will be placed in operation. Soon the vision will be vitalized into the commonplace and what was a few short years ago just a dream becomes a dynamic reality. Many reasons compel us as Members of Congress to realize that we can no longer delay in taking action which will properly give to aviation and its allied branches the need which it merits.

The House Committee on Interstate and Foreign Commerce has favorably reported out H. R. 9738, a bill to create a Civil Aeronautics Authority, to provide for the regulation of civil aeronautics, and for other purposes.

I presume that it is not necessary for me to invite the attention of the membership to the fact that immediate legislation is necessary at this session in order to prevent serious financial and operating difficulties in the air transport industry prior to the convening of the next Congress.

Few subjects have received as extensive study and investigation by agencies of the Government in recent years as has aeronautics. Reports regarding it, including studies of congressional committees, are full and comprehensive. What is needed now is action—action at this session of the Congress.

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Air transport is today the only mode of transportation and communication for which there exists no comprehensive and permanent system of Federal economic regulation. The consequences of the existing lack of economic controls over the industry are serious in that America's air transport industry faces a financial crisis. The air lines are desperately in need of sound financing on a business basis and they desperately need a rational means for eliminating waste and fostering economies under sound governmental supervision. The present disorderly financial situation should not be permitted to continue if tragic consequences are to be avoided. Steps based upon practical experience are necessitated now. A sound and permanent pattern for the commercial progress of this industry needs quickly to be marked out. Granted this requisite legislative action, the air transport industry seems ready for a buoyant growth which will play its part in aiding business while simultaneously furthering the needs of the national defense.

The air-transport industry has become a vital transportation medium with incalculable promise to the future of commerce and to the efficiency of the Nation in time of possible military emergency. The industry has reached the point where unbridled and unregulated competition is a public menace. The economics of American air transportation within and without the United States are intimately associated and require integrated Government control. Permanent long-term legislation covering the economic phases of the industry is required to make possible the carrying out of a healthy long-range planning on the part both of management and of government, and to avoid rate war, cut-throat devices, and destructive and wasteful practices of which there have been disturbing signs. Economic power and reckless management should not be permitted to injure the smaller lines, the employees of the companies, and the public.

H. R. 9738 provides for a coordinated regulation of aeronautics under a new Federal agency. It vests the regulation of economic problems and of the safety factors of the industry in a nonpolitical, permanent agency of the Government. It foresees economic regulation premised on the tried and tested American device of certificates of convenience and necessity. It thus provides the virtue of ease of government control under a method that is both familiar and tested, preventing unsound and unjustifiable ventures, outlawing piratical practices while preserving healthy competition and protecting the smaller lines. It proposes to regulate rates to the extent necessary in the public interest and it permits of cooperative action under sound Government supervision with a view to eliminating waste, encouraging economies, and the promotion of travel and trade. It will make possible new financing under the direction of the regulatory body. Its broad provisions should improve safety conditions. It will assure to aeronautics an orderly and sound growth. It will inspire public confidence. It should attract the highest type of management. And it will constitute a steady advance toward a coordination of America's transportation facilities. Its steps are based upon experience and dictated by necessity.

Should the Congress later decide to place all mediums of transportation in one Federal department—old or new—then the new proposed authority can be included as one of the divisions therein just as will naturally be included the other Federal authorities now regulating other mediums of transportation.

To promote a saner air-mail system, to foster sound economics in air transport, to further healthy growth of civil aeronautics, and to provide a bulwark of national defense, I urge the enactment at this session of the Congress of H. R. 9738. [Applause.]

Mr. LEA. Mr. Chairman, I yield myself the balance of the time on this side.

The CHAIRMAN. The gentleman from California is recognized for 5 minutes.

Mr. LEA. Mr. Chairman, I think that no member of our committee will accuse the chairman of the committee of being slavish to this or any other administration. I come before you today advocating the separate commission this bill provides for, not because the administration itself wants it, as it does, but because I believe from the standpoint of efficient administration this unit control, this independent commission can give a service that will meet the situation far better than the Interstate Commerce Commission could possibly do under present conditions.

I pointed out to you Saturday in the language of three members of the Interstate Commerce Commission, that in substance that Commission is not now in position to take on the duties this bill creates until it is so rearranged as to handle this new work properly.

Over 3 years or so ago, after the President had recommended the I. C. C., I introduced a bill in favor of a separate commission because I thought it was the best way to do to meet the problems of aviation at that time. The present situation, in my judgment, intensifies the reasons why this separate commission is needed. The air lines of the United States are practically unanimous in wanting this separate commission. The two commissions heretofore appointed by the President to study these questions have both favored separate commissions. The I. C. C. with its present set-up is not in position to give to this problem of aviation, a new and urgent problem, that prompt and undivided attention the situation demands.

This is the eleventh hour of this Congress. A long time has been spent in working out this bill. It is too late for the friends of aviation and those who want real administration to throw a monkey wrench into the machinery by trying to turn back to what we were working on a year ago.

In the pending bill we have a measure that on its merit deserves support. This measure is a better bill than any we have heretofore presented. So I appeal to the friends of the administration, if you please, to the friends of aviation, and to those who want action and a businesslike administration of that function of government, to support this bill as it is, particularly as to the regulatory authority feature.

The bills pending in the Senate, the bills that will receive serious consideration, provide for a separate commission. The pending bill would unify Federal regulation of aviation. We have taken control from three departments and placed it in an independent commission with authority to handle every phase of aviation. The I. C. C., with its present set-up, is overloaded. No other agency of the Government has a set-up so well qualified for aviation regulation as the independent body this bill would create. This work can be done at a minimum of cost because the unification here proposed makes for efficiency and economy. More important still for aviation, it makes prompt action possible.

Our transportation agencies need coordination. In this bill we have provided coordination far beyond what we wrote into the bill a year ago. The selection of airways, the providing of navigational facilities, safety, the promotion of aviation—those were left with the Commerce Department by the bill of a year ago. We have taken them all, including the features handled by the I. C. C. and the Post Office Department and put them in one unified commission that can give its undivided attention to the problems of aviation.

When we speak of coordination what do we mean? Coordination of transportation is not simply dumping regulation into one body. What is the situation we have today in the regulation of trucks and busses by the I. C. C.? I am not saying this in any criticism for I admire the I. C. C. I think it should be reorganized, however, and finally given the regulation and coordination of our various transportation agencies in this country.

Even now we do not have coordination as between the busses and the rails. We placed the regulation of both in one agency, but that did not make coordination. Coordination is not a question of dumping into one commission. If we want real coordination, we must begin with the coordination of

rates. The question of rate coordination is not now and for some years to come will not be an acute problem as between air and surface transportation. Air cost prevents that problem for the present. We have time to wait to place aviation in a coordinating agency with land transportation until we have first properly organized a coordinating regulatory authority. We must assign to each transportation competitive system that type of transportation which it can carry to the best economic advantage. That may mean in some instances excluding some agencies from uneconomic transportation and organizing the I. C. C. to function as an effective unified regulatory agency. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. All time has expired. The Clerk will read the committee substitute for amendment.

The Clerk read as follows:

TITLE I—GENERAL PROVISIONS DEFINITIONS

SECTION 1. As used in this act, unless the context otherwise requires—

- (1) "Aeronautics" means the science and art of flight.
- (2) "Air carrier" means any citizen of the United States who undertakes, whether directly or indirectly or by a lease or any other arrangement, to engage in air transportation: *Provided*, That the Authority may by order relieve air carriers who are not directly engaged in the operation of aircraft in air transportation from the provisions of this act to the extent and for such periods as may be in the public interest.
- (3) "Air commerce" means interstate, overseas, or foreign air commerce or the transportation of mail by aircraft or any operation or navigation of aircraft within the limits of any civil airway or any operation or navigation of aircraft which directly affects or which may endanger safety in interstate, overseas, or foreign air commerce.
- (4) "Aircraft" means any contrivance now known or hereafter invented, used, or designed for navigation of or flight in the air.
- (5) "Aircraft engine" means an engine used, or intended to be used, for propulsion of aircraft and includes all parts, appurtenances, and accessories thereof other than propellers.
- (6) "Airman" means any individual who engages, as the person in command or a pilot, mechanic, or member of the crew, in the navigation of aircraft while under way, and (except to the extent the Authority may otherwise provide with respect to individuals employed outside the United States) any individual who is in charge of the inspection or maintenance or overhauling or repair of aircraft or parachutes or other safety or navigational devices or accessories, or who serves in the capacity of aircraft dispatcher or air traffic control tower operator.
- (7) "Air navigation facility" means any facility used or available for use in aid of air navigation, including landing areas, weather information service, lights, all types of signals, radio directional finding apparatus, and radio or other electrical communication apparatus.
- (8) "Air space reservation" means a zone, identified by an area on the surface of the earth, in which the flight of aircraft is prohibited or restricted.
- (9) "Air transportation" means interstate, overseas, or foreign air transportation or the transportation of mail by aircraft.
- (10) "Appliances" means instruments, equipment, apparatus, parts, appurtenances, or accessories, of whatever description, which are used, or are capable of being or intended to be used, in the navigation, operation, or control of aircraft in flight (including parachutes and including communication equipment and any other mechanism or mechanisms installed in or attached to aircraft during flight), and which are not a part or parts of aircraft, aircraft engines, or propellers.
- (11) "Authority" means the Civil Aeronautics Authority.
- (12) "Citizen of the United States" means (1) an individual who is a citizen of the United States or of one of its possessions, or (2) a partnership of which each member is an individual who is a citizen of the United States or of one of its possessions, or (3) a corporation or association created or organized under the laws of the United States or of any State, Territory, or possession of the United States, of which the president and two-thirds or more of the board of directors and other managing officers thereof are individuals who are citizens of the United States or of one of its possessions and in which at least 75 percent of the voting interest is owned or controlled by persons who are citizens of the United States or of one of its possessions.
- (13) "Civil aircraft" means any aircraft other than a public aircraft.
- (14) "Civil aircraft of the United States" means any aircraft registered as provided in this act.
- (15) "Civil airway" means a route in the navigable air space designated or approved by the Administrator as an air route suitable for interstate, overseas, or foreign air commerce.
- (16) "Conditional sale" means (a) any contract for the sale of an aircraft or portion thereof under which possession is delivered to the buyer and the property is to vest in the buyer at a subsequent time upon the payment of part or all of the price, or upon

the performance of any other condition or the happening of any contingency; or (b) any contract for the bailment or leasing of an aircraft or portion thereof by which the bailee or lessee contracts to pay as compensation a sum substantially equivalent to the value thereof, and by which it is agreed that the bailee or lessee is bound to become, or has the option of becoming, the owner thereof upon full compliance with the terms of the contract. The buyer, bailee, or lessee shall be deemed to be the person by whom any such contract is made or given.

(17) "Control" includes both direct and indirect control.

(18) "Conveyance" means a bill of sale, contract of conditional sale, mortgage, assignment of mortgage, or other instrument affecting title to, or interest in, property.

(19) "Foreign air carrier" means any person, not a citizen of the United States, who undertakes, whether directly or indirectly or by a lease or any other arrangement, to engage in foreign air transportation.

(20) "Foreign air commerce" means the carriage by aircraft of persons or property for compensation or hire, or the carriage of mail by aircraft, or the operation or navigation of aircraft in the conduct or furtherance of a business or vocation, in commerce between any place in the United States (including the Philippine Islands) and any place outside thereof, whether such commerce moves wholly by aircraft or partly by aircraft and partly by other forms of transportation.

(21) "Foreign air transportation" means the carriage by aircraft of persons or property as a common carrier for compensation or hire, or the carriage of mail by aircraft, in commerce between any place in the United States (including the Philippine Islands) and any place outside thereof, whether such commerce moves wholly by aircraft or partly by aircraft and partly by other forms of transportation.

(22) "Foreign civil aircraft" means any aircraft, other than a military aircraft, which is not eligible to register under the provisions of this act.

(23) "Interstate air commerce" means the carriage by aircraft of persons or property for compensation or hire, or the carriage of mail by aircraft, or the operation or navigation of aircraft in the conduct or the furtherance of a business or vocation, in commerce between a State of the United States, or the District of Columbia, and any other State of the United States, or the District of Columbia; or between places in the same State of the United States through the air space over any place outside thereof; or between places in the same Territory or possession of the United States, or the District of Columbia, whether such commerce moves wholly by aircraft or partly by aircraft and partly by other forms of transportation.

(24) "Interstate air transportation" means the carriage by aircraft of persons or property as a common carrier for compensation or hire, or the carriage of mail by aircraft, in commerce between a State of the United States, or the District of Columbia, and any other State of the United States, or the District of Columbia; or between places in the same State of the United States through the air space over any place outside thereof; or between places in the same Territory or possession of the United States, or the District of Columbia, whether such commerce moves wholly by aircraft, or partly by aircraft and partly by other forms of transportation.

(25) "Landing area" means any locality, either of land or water, which is used, or intended to be used, for the landing and take-off of aircraft, whether or not it provides additional facilities for the shelter, supply, and repair of aircraft and includes airports and intermediate landing fields. "Airport" means a landing area used regularly by aircraft for receiving or discharging passengers or cargo.

(26) "Mail" means United States mail and foreign transit mail.

(27) "Navigable air space" means air space above the minimum altitudes of flight prescribed by regulations issued under this act.

(28) "Navigation of aircraft" or "navigate aircraft" includes the piloting of aircraft.

(29) "Operation of aircraft" or "operate aircraft" means the use of aircraft, for purposes of air navigation, by the operator thereof, or the navigation of aircraft. Any person who has the right of legal control (in the capacity of owner, lessee, or otherwise) of the aircraft on his own account shall be considered as the operator of the aircraft, and any person who causes or authorizes the operation or navigation of aircraft will be deemed to "operate aircraft" within the meaning of this act.

(30) "Overseas air commerce" means the carriage by aircraft of persons or property for compensation or hire, or the carriage of mail by aircraft or the operation or navigation of aircraft in the conduct or furtherance of a business or vocation, in commerce between a State of the United States, or the District of Columbia, and a Territory or possession of the United States (including the Philippine Islands); or between Territories or possessions of the United States (including the Philippine Islands), whether such commerce moves wholly by aircraft or partly by aircraft and partly by other forms of transportation.

(31) "Overseas air transportation" means the carriage by aircraft of persons or property as a common carrier for compensation or hire, or the carriage of mail by aircraft, in commerce between a State of the United States, or the District of Columbia, and a Territory or possession of the United States (including the Philippine Islands); or between Territories or possessions of the United States (including the Philippine Islands), whether such commerce moves wholly by

aircraft or partly by aircraft and partly by other forms of transportation.

(32) "Person" means any individual, firm, copartnership, corporation, company, association, joint-stock association, or body politic; and includes any trustee, receiver, assignee, or other similar representative thereof.

(33) "Pilot" means all classes of pilots, including copilots.

(34) "Propeller" includes all parts, appurtenances, and accessories thereof.

(35) "Possessions of the United States" shall include the Canal Zone: *Provided*, That nothing herein shall impair or affect the jurisdiction which has heretofore been, or may hereafter be, granted to the President to regulate air navigation in the Canal Zone.

(36) "Public aircraft" means an aircraft used exclusively in the service of any government or of any political subdivision thereof, including the government of any State, Territory, or possession of the United States, or the District of Columbia, but not including any government-owned aircraft engaged in carrying persons or property for commercial purposes.

(37) "United States" means the several States, the District of Columbia, and the several Territories and possessions of the United States, including the territorial waters and the overlying air space thereof.

Mr. MAPES. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. MAPES: On page 111, line 23, strike out, after the "(1)" the words "Authority" means the Civil Aeronautics Authority" and insert the words "'Commission' means the Interstate Commerce Commission."

Mr. MAPES. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. MAPES. Mr. Chairman, those of us who are opposed to the creation of another governmental agency for the purpose of regulating air commerce or commercial aviation, and who favor putting this authority in the Interstate Commerce Commission, have decided upon this means of testing the sentiment of the House on the question. The amendment which I have offered is to the definition section. It is to strike out the reference to the Civil Aeronautics Authority and substitutes in its stead the Interstate Commerce Commission. If it is adopted, it will be necessary, of course, to amend other provisions of the bill in order to harmonize them with this amendment.

There is not much new I can say on the subject that has not already been said, but I desire to make reference particularly to some of the statements that have been made in general debate. I think the gentleman from New York [Mr. MEAD] in his closing remarks mentioned one of the principal reasons why authority to regulate air commerce is not lodged with the Interstate Commerce Commission in this bill and why a new authority is created when he indicated, as his remarks clearly show, that the Interstate Commerce Commission is not well thought of in some quarters. Some of us on the committee have reason to believe that that is one of the principal reasons why this power is not given to the Interstate Commerce Commission.

Mr. MEAD. Will the gentleman yield to correct the RECORD?

Mr. MAPES. If the gentleman will make it snappy.

Mr. MEAD. May I say to the gentleman that I said the Interstate Commerce Commission is 18 months behind in its work with regard to aviation, 2 years behind with regard to the motor-bus business, and I do not know how many years behind so far as the railroad problems of the country are concerned.

Mr. MAPES. If what the gentleman says is true, it is not the fault of the Interstate Commerce Commission. It is the fault of the Congress for not providing adequate funds for the Commission to do the work which has been assigned to it.

The gentleman from Colorado [Mr. MARTIN] has very frankly stated to the House that he has changed his position on this question. Of course, we all recognize the right of anyone to change his mind. But, Mr. Chairman, I would like to read the statement of the gentleman from Colorado favoring the Interstate Commerce Commission as it appears

in the committee hearings and allow the Members of the House to compare it with his statement now for this new authority so that they can determine for themselves which is the better reasoning.

I quote from the statement of Mr. MARTIN of Colorado on page 140 of the hearings, as follows:

I think anybody can see how conflicts between different branches of a given activity can be best composed by a unified control which would not be interested in building up one against the other as all separate commissions naturally would be. It is enough to discourage a man in making endeavors with reference to any program to reorganize and simplify the Government when we are utterly unable, as the situation arises, to follow out any such a program and go right along as if no such program was in existence and set up one commission after another, such as the Bituminous Coal Commission, the Maritime Commission, and we have got two or three separate social-security boards, and all that sort of thing.

This bill is an endeavor to get a thoroughly unified control of the air. I cannot for the life of me see why there could not be set up a separate division of the existing transportation authority, the Interstate Commerce Commission, to handle this, and another separate division to handle water transportation.

I have not the time to read all of the gentleman's statement, but he went on to give as an illustration the formation of the Department of Labor to take care of labor troubles and the subsequent action of Congress in creating the National Labor Relations Board and a half dozen other boards, that the gentleman enumerates, to deal with labor questions.

He ends his statement as follows:

It has raised a question in my mind: Why a Department of Labor if every time there is a law passed affecting labor it is to be placed under the jurisdiction of a new commission?

It is to my mind grossly illustrative of our inability to follow any consistent plan in government.

So what we are doing, what we are doing in this field, is what we are doing in every other field. That is all.

I leave it to the membership of the House to determine whether the gentleman's reasoning before the Committee on Interstate and Foreign Commerce in behalf of the Interstate Commerce Commission was not much sounder and more convincing than it was here on the floor of the House in general debate on behalf of this new authority.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. MAPES. I yield to the gentleman from Colorado.

Mr. MARTIN of Colorado. Has the gentleman read my remarks before the committee? It sounded to me as if I put up a pretty substantial argument.

Mr. MAPES. The gentleman certainly did. It convinced a lot of us, and some of us have not been able to change our position as rapidly as the gentleman from Colorado.

Mr. MARTIN of Colorado. The trouble is that the gentleman is reading from very early in the hearings.

Mr. MAPES. Page 140.

Mr. MARTIN of Colorado. But my theory ran into a condition, as it did in the case of a majority of the committee. It seems to me in view of the fact I did express those views and that I still adhere to them, my present position in favor of this independent authority, which was arrived at solely on the evidence presented to the committee, ought to carry all the greater weight. I went over this whole matter explicitly in general debate Saturday.

Mr. MAPES. Mr. Chairman, the gentleman's further remarks in general debate this afternoon also go to show to what a low estate the House of Representatives and the Congress have fallen in the consideration of legislation. The gentleman related quite accurately why the bill on the House Calendar and the bill on the Senate Calendar have not made any progress. It was because of opposition to them in the departments, as the gentleman from Colorado stated. Now, the House of Representatives is asked to pass a bill contrary to the judgment, I dare say, of 90 percent of the Members, simply because the departments have recommended it. As the gentleman stated, the departments objected to the transfer of this authority to the Interstate Commerce Commission. I believe the reason was, as the gentleman from New York [Mr. MEAD] has pointed out, be-

cause the Interstate Commerce Commission is not liked by some. That Commission is not political. It is pretty independent. It does its work regardless of political considerations. Now, because this "sewing-society committee," as the gentleman from Wisconsin [Mr. WITHROW] has called it, brings in a bill, we are asked to swallow it and enact it into law. [Applause.]

[Here the gavel fell.]

Mr. MARTIN of Colorado. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I wish to ask the gentleman from Michigan a question which in my opinion, stripped of everything else, is the real issue presented here by this bill. Does the gentleman believe the Interstate Commerce Commission as at present organized and as at present burdened, and I believe the gentleman from New York [Mr. MEAD] made a fair statement of the condition of its docket, is now in a position to take charge of this great new agency, with respect to a world-wide air service, not simply domestic, but foreign, a rapidly expanding and highly experimental service? Does the gentleman believe that Commission is in a position to take in charge that activity and give it the efficient service and attention it ought to have?

Mr. MAPES. I may say to the gentleman from Colorado that I feel the Interstate Commerce Commission would have to have some additional help, of course. It would have to have some additional appropriations and perhaps set up a new division. However, we could pass the necessary legislation for that in a very short time. We have had a whole year in which to do it. The administration of this law by the Interstate Commerce Commission would cost an infinitesimal amount, in my judgment, as compared with what it will cost to administer the law by this new authority.

Mr. MARTIN of Colorado. Mr. Chairman, the gentleman's answer virtually concedes that new legislation and reorganization of the Commission is necessary. I do not recede one iota from my conviction that there ought to be a unified control over all forms of transportation, but I must recognize the fact we do not have at this time an agency that can handle all forms of transportation.

I called attention a while ago to what the House of Representatives did a year ago. At that time the Interstate Commerce Commission had and for years had had certain jurisdiction over water transportation, including through routes and joint rates between the rail carriers and the ships, and there was jurisdiction in the House Committee on Interstate and Foreign Commerce to handle such legislation. A year ago the House of Representatives stripped the House Committee on Interstate and Foreign Commerce of its jurisdiction and stripped the Interstate Commerce Commission of its jurisdiction and placed under a new agency, the Maritime Commission, an activity which the Interstate Commerce Commission is 10 times better able to handle at this time than it is to handle aviation. Where then were these eloquent appeals for the Interstate Commerce Commission and for unified control?

Mr. MURDOCK of Arizona. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Colorado. I yield to the gentleman from Arizona.

Mr. MURDOCK of Arizona. May I say that the discussion we have heard for the last 30 minutes reveals clearly the fact that the House is not in a position to carry on needed reorganization of the executive departments? Just recently the House virtually voted down a reorganization bill largely on the ground that no one man ought to have such authority. Many in this body and outside at that time said that the reorganization should be done by the Congress, while admitting that reorganization was sadly needed. However, the discussion within the last 30 minutes shows this body is not in a position to bring about a satisfactory reorganization. Congress can start a commission, but it would seem a hopeless task to try to stop one, even if it should be no longer needed.

Mr. MARTIN of Colorado. I fear the gentleman from Arizona is right. Mr. Chairman, I wish to make an addi-

tional observation. It has been pointed out and stressed here that the bill reported out a year ago vesting jurisdiction in the Interstate Commerce Commission was unanimously reported, and that is a fact. It is also a fact that the present bill was reported out practically without opposition. There was no record vote nor any record vote called for. There are only 8 members out of 27 on the minority report. There may have been three or four members who took the position taken by the gentleman from Michigan, but the fact remains that the overwhelming majority of the same committee that a year ago reported the bill out unanimously reported out this bill, and they did it, just as I did, because, after having heard all the evidence, they came to the conclusion that this great new industry now going on the rocks for want of control required a separate agency which could give all of its time to the industry in order to do justice to it and help develop and expand and control it. It is going into bankruptcy for want of control. This is the actual condition of commercial aviation at this time.

Mr. RANDOLPH. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Colorado. I yield to the gentleman from West Virginia.

Mr. RANDOLPH. In support of the gentleman's position, which I know is taken after careful study, I may say that we find on page 343 of the hearings this statement by Colonel Gorrell, president of the Air Transport Association of America:

The Federal Government regulates, and must regulate, not only air-carrier transport but miscellaneous flying as well. In the case of the locomotive one does not find miscellaneous uses. The locomotive is almost exclusively a device of the common carrier. In the case of the automobile one does not find Federal traffic rules governing all sorts of persons using cars for miscellaneous purposes. But in the case of aircraft the Congress decided in 1926 that Federal regulation would virtually blanket the field.

Mr. MARTIN of Colorado. Exactly; and Colonel Gorrell's exceptionally able presentation before our committee had a lot to do with my changing my mind, I may say to the gentleman. If anybody in the United States knows aviation, it is Colonel Gorrell. [Applause.]

[Here the gavel fell.]

Mr. HARLAN. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I would be the last man in this House to say anything critical of the Interstate Commerce Commission. They are a hard-working, capable group of men doing the best they can. Like the doggerel of the poor, benighted Hindu, "They are doing the best they kin do."

The fact of the matter is it is one of our governmental agencies that combines in itself legislative, executive, and judicial functions, and it is all balled up in its own routine. As has been stated here, it is way behind in the work it is doing and the Commission is not systematized to do the work that is now imposed upon them.

Not one word has been said here that would indicate we would save one single employee by putting this in the Interstate Commerce Commission. The work that this proposed air-control bureau is to do will require a certain number of employees, and whether you put them in the Interstate Commerce Commission or in an independent agency, what difference does it make? Nobody has had the temerity to say here that we will save a dime by putting this in the Interstate Commerce Commission.

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield?

Mr. HARLAN. I am sorry I cannot yield. I wish I could.

Mr. WADSWORTH. The gentleman is speaking of temerity. [Laughter.]

Mr. HARLAN. The functions of this bureau will be to handle foreign relations in getting landing fields, in making arrangements for foreign communications, and it will control 40,000 private planes that are in service in the United States, and its promotional work in the United States. Not one of these three functions has anything whatsoever to do

with the Interstate Commerce Commission—not one. We might just as well put it in the hands of any other existing Federal bureau.

Ultimately, after our foreign relations are established, after some control is brought over these 40,000 private planes, and many more will be in service later on, after a system is established and after the other functions that this bureau will have to do in promotional work are performed, then we can, let us hope, bring this into some consolidated bureau; but we cannot do this now.

Let us hope that when this day comes Congress will have the courage to extend to its Executive the power to gather together these different groups that are working somewhat along the same line and have Government reorganization.

The gentleman from Michigan [Mr. MAPES] a moment ago criticized the gentleman from Colorado [Mr. MARTIN] for changing his mind. May I call the attention of the gentleman from Michigan to the fact that not more than 8 or 10 months ago the gentleman was in favor of letting our Executive reorganize the agencies of this Government. When President Hoover was in power he was vehemently in favor of letting our Executive reorganize the Government, but the gentleman has changed his mind now. Why is it inconsistent for some of the rest of us to do the same thing? It does not have anything to do with the merits of the case.

To put this new activity in the hands of the Interstate Commerce Commission, with work entirely outside of the functions of the Interstate Commerce Commission, with not a promise of saving a dime by putting it there, would be just like tying a millstone around the neck of our growing and budding air activities. [Applause.]

[Here the gavel fell.]

Mr. MEAD. Mr. Chairman, I move to strike out the last two words.

I believe the point made by my distinguished colleague from Ohio [Mr. HARLAN] to be an excellent one. Some Members blame Congress for failure of the Interstate Commerce Commission to keep their schedule up to date. Some say we do not give them enough money, and then, as a remedy, they suggest that we give them more work with the same amount of money so they will be further behind than they are at the present time. [Laughter.]

Now, with regard to the question of whether or not we create this independent agency or leave this work with the Interstate Commerce Commission, I want to make this point clear. For the last year Congress has been considering that very question and we have been considering two bills, one reported by the Interstate Commerce Committee and one by our committee on the Post Office and Post Roads. The bill reported by the Interstate Commerce Committee recommended that the work be given to the Interstate Commerce Commission. Our bill would leave it in the Post Office Department.

That question was stalemated in the Congress. No one outside of Congress was responsible because we could not pass the bill. Surely that was not the fault of the Interstate Commerce Commission. That was the situation, however, not only in the House but in the Senate, and so your committee very properly brings in this meritorious measure that in my judgment will not be met with the same opposition that met the question the other bills brought up in the last Congress.

Mr. KVALE. Mr. Chairman, will the gentleman yield?

Mr. MEAD. I yield.

Mr. KVALE. I note in the minority report that the head of the Air Line Pilots Association is quoted apparently in opposition to the measure. Is it not a fact that that statement was not meant to be in contradiction of the principles of the bill but was meant to be a neutral attitude; and that with the amendments that are going to be offered by the gentleman from New York who is now addressing the Chamber, and also by the gentleman from Ohio, that the Air Line Pilots are agreeable to the measure?

Mr. MEAD. That is a fair statement, and I thank the gentleman.

The matter of the President's attitude has been brought up in this discussion. Let me say to you that in my judgment the attitude of the President has been misinterpreted. Here is what the President had to say:

All executive functions relating to all transportation should be placed in one Federal Department and all quasi-judicial and quasi-legislative matters relating to all transportation be placed in a reorganized Interstate Commerce Commission.

The President has in mind making it possible for the Interstate Commerce Commission really to catch up with its calendar. He would take out of the Commission all administrative work. He would leave it a quasi-judicial body; and I believe that if we would consider the President's suggestions rather than misinterpret the President's recommendations we would produce good legislation. [Applause.]

The time may come when Congress, in keeping with the President's recommendations, will reorganize and enlarge the Interstate Commerce Commission. When that reorganization takes place, the control of rates and related questions will no doubt be reposed in the Interstate Commerce Commission. The question before us is one of immediate concern and involves much more than the question of rates, of competition, and of policy. It involves regulations, licensing, promotion, and many other kindred matters.

Mr. CRAWFORD. Mr. Chairman, I rise in opposition to the pro forma amendment.

The CHAIRMAN. The gentleman from Michigan is recognized for 5 minutes.

Mr. LEA. Mr. Chairman, will the gentleman yield to permit me to submit a unanimous-consent request?

Mr. CRAWFORD. I yield.

Mr. LEA. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 12 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. CRAWFORD. Mr. Chairman, I think it is entirely unfair for any Member of the House who is not familiar with the record to get up and condemn the Interstate Commerce Commission for the apparent lack of accomplishment insofar as the truck division of that Commission is concerned. Those who are familiar with the record know that this House has denied that division of the Interstate Commerce Commission a reasonable amount of money to proceed with the work which was imposed upon it when we enacted the truck legislation. At no time, as the record will show, have we given the Commission adequate funds with which to operate and bring under control the tens of thousands of truck operators of this country which constitute a group that anyone will concede to be one of the most uncontrollable groups that was ever attempted to be put under supervision of a Federal authority.

Commissioner Rogers and his colleagues have repeatedly requested money which has not been granted to them, and today the entire truck-transportation industry insofar as the United States is concerned, including the shippers who now move overland, including those who may desire to so ship, and those who have their money invested in truck operations, are tied into a knot.

If you cannot get reasonable attention and if the Commission is greatly behind with its work, it is entirely because the Commission has never been by this House implemented with the funds and with the personnel. That is the reason they are behind. Nobody is to blame but the Members of the House, and I challenge anyone to take the record and refute that statement. Never has it been the disposition of the Commission to get or stay behind with its work. Railroad-minded men "arrive on time" unless there is ample reason for delay.

F. B. I. BUCK-PASSING DEAL

It reminds me of another buck-passing deal we have been participating in for the last few days, in that we are trying to load onto Mr. J. Edgar Hoover and the F. B. I. the alibi they are at fault in connection with insufficient funds with

which to operate. All you have to do is to take the record and study the hearings, in which Mr. Cummings, the Attorney General, made it very clear to the Appropriations Committee what was necessary, in spite of what Mr. McMILLAN said the other day and what went into the RECORD under date of May 6. If I can get permission to revise and extend my remarks and quote the testimony, I will make a little show-up on that.

We are not justified in standing here and criticizing the I. C. C., because it has never been implemented with sufficient funds and it has never caught up with its work from the very beginning. The recession or depression, whatever you may call it, has piled work on that Commission in an immeasurable degree, and we are not providing sufficient additional funds.

Mr. RANDOLPH. Will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from West Virginia.

Mr. RANDOLPH. In connection with the Federal Bureau of Investigation, would the gentleman not also desire to add that Mr. BACON, a member of the minority, agreed with Mr. McMILLAN in his statement and stated to that effect on this floor?

Mr. CRAWFORD. I do not know what the gentleman agreed to, but I know the hearings show that Mr. Cummings and others put the full facts in the RECORD and it has not been answered; yet we are trying to pass the buck and make it appear this has been the fault of Mr. Hoover. If I can get permission I will clear that up in the RECORD this evening.

From all parts of the United States I am receiving reports of the aroused feeling that prevails because of the inaction of Congress in meeting the emergency in the Federal Bureau of Investigation which has brought about a reduction of 50 percent of the number of special agents, or G-men, operating in the United States today.

I, for one, do not feel justified in beating my breast over the fact that Congress was so bold and brave, if you could call it that, to increase the Budget Bureau's estimate by a paltry \$75,000 when the Director of the Federal Bureau of Investigation, for whom I am sure every Member of this body has the most profound respect, asked for an increase of over \$500,000.

Press reports, later reprinted in the RECORD by unanimous consent under date of May 6, quote the gentleman from South Carolina [Mr. McMILLAN], chairman of the Appropriations Subcommittee, as saying:

"* * * if there be a shortage of funds as alleged the responsibility is not that of my committee nor of Congress, but rather the deficiency in funds must be laid at the doorstep of either the F. B. I. or the authorities controlling budgetary estimates."

CONGRESS ONLY CAN APPROPRIATE

Now in order that the people of the Nation will not be misled, and they will not be misled, we all know that the F. B. I. and the authorities controlling budgetary estimates are entirely without power to appropriate funds for the operation of the Government, which includes the Federal Bureau of Investigation. The F. B. I. can request the amount of funds its Director believes will be required for its operation during a fiscal year and the authorities controlling budgetary estimates can recommend an amount they believe the Bureau should have, but this Congress and the President of the United States have the final say as to the amount appropriated.

Wherein, then, can this Congress disregard the testimony of the Attorney General of the United States and the Director of the Federal Bureau of Investigation when they revealed before our committee that the Budget Bureau had slashed the amount estimated for their needs and then again have the matter called to our attention when the bill was up for debate—and still say to the Nation that the responsibility is not that of Congress?

Let me refer you to the testimony of the Attorney General of the United States before the Subcommittee on Ap-

propositions on Tuesday, January 12, 1937, when the Justice appropriation bill for 1938—in which this deficiency exists—was being considered.

On page 14 of those hearings you will find the following:

ESTIMATES FOR FEDERAL BUREAU OF INVESTIGATION

Mr. BACON. In reference to the amount of the estimate for the Bureau of Investigation, that is the same amount that you had for this year?

Mr. CUMMINGS. Yes.

Mr. BACON. Was that the amount that you requested the Bureau of the Budget to give you?

Mr. CUMMINGS. We asked for more.

Mr. BACON. That comes under the same general character of question as the question asked by the chairman of the committee?

Mr. McMILLAN. Yes; I would like to have you tell us.

Mr. BACON. You have not said anything in your general statement about the Bureau of Investigation, and I was curious to know whether or not you had any comments to make.

Mr. CUMMINGS. Yes; I have, now that you asked me in such an insistent fashion.

We asked for \$6,530,196 and the Budget gave us \$5,925,000, which is a decrease of \$605,196.

That, again, is a matter of policy as well as a matter of efficiency. Of course, you all know, because I have said it over and over again, how close that division is to my heart. We think about it, work for it, and figure on it all the time. Anything you do for that division makes me very happy.

On page 16 of the same hearings we find that the committee was definitely advised by the Attorney General of the need for the additional money, and from the following testimony I am unable to reconcile any other reasoning which would remove the blame from Congress:

Mr. McMILLAN. As I understand it, the fingerprint and identification divisions are at the seat of government?

Mr. CUMMINGS. Yes.

Mr. McMILLAN. And it is imperative to keep abreast of that work, regardless of what occurs in the field?

Mr. CUMMINGS. Absolutely.

Mr. McMILLAN. To do that, you have to bring men from the field to keep up that work here at the seat of government?

Mr. CUMMINGS. That is it, exactly.

Mr. McMILLAN. If that is true, is it your judgment that, if you are going to remedy that condition as well as supply the necessary number of men for the field force, and considering the force you now have, we ought to increase or exceed the Budget estimates?

Mr. CUMMINGS. I think if I were doing it I would increase the Budget, and I would increase the relative proportion of the Budget applicable to the seat of government.

Mr. McMILLAN. As I understand your statement, you requested \$605,000 over the amount allowed by the Budget?

Mr. CUMMINGS. Yes.

Mr. McMILLAN. If a portion of the \$605,000 were allowed and added to the item for the seat of government, increasing the limitation on that item, it would take care of your problem?

Mr. CUMMINGS. I think that would do it. It would certainly be a tremendous relief.

ATTORNEY GENERAL'S PLEA

Here on the 12th day of January 1937 the Congress of the United States was put on notice that the Bureau of the Budget had slashed over half a million dollars from the request made for the operation of the F. B. I. The record shows this great cut in the budget was revealed by the Attorney General to the committee upon the insistence of one of the committee members.

On the same day the Attorney General told this same committee:

In a general way, I think a proper observation is that the business of the Department of Justice has continued to expand in a very marked fashion. There is no let-up, stop, or cessation of the work that goes on there. It continually piles in on us and, as I have frequently said to this committee, the Department of Justice is one of the few departments, perhaps the only department, that cannot control the volume of its own business. We have to take what comes. If it comes in larger volume than before, we just have to handle it as well as we can within the facilities placed at our disposal.

Two days after the Attorney General had given his testimony before the committee Director Hoover went before the committee and revealed that in the calendar year 1936 the F. B. I. received an increase of 7,542 cases more than the total for the previous year and that on January 1, 1937, the Bureau had 15,580 pending cases, of which 6,689—or more than one-third—were unassigned. Director Hoover also pointed out that his agents in the field were being forced to

work a total of 224,144 hours of overtime in 5 months in order to decently handle the jobs assigned to them.

The Director was asking for \$337,160 additional for the employment of 81 new agents so that it would not be necessary to so overtax the agents already on the job. Mr. Hoover said:

Of course, that overtime and those excessive demands will eventually interfere with the efficiency of a man's work. It cannot help but do that.

Surely Congress cannot escape some responsibility when such a clear-cut statement is presented covering the strain under which the Federal Bureau of Investigation was operating at that time.

Now, let us move along in our consideration of the responsibility of Congress in connection with the Federal Bureau of Investigation and turn our calendars back to March 23, 1937, when the Department of Justice bill was being debated on the floor of this House.

On the previous day the gentlewoman from Indiana [Mrs. JENCKES] had made an eloquent address, appealing to Congress to keep faith with American mothers, American parents, and American womanhood. She said:

American women and especially mothers are demanding that this Congress give Attorney General Cummings and Mr. J. Edgar Hoover all the money and all of the men that they deem necessary in order to stamp out, for all times to come, kidnaping, white slavery, extortion, bank robbery, and other crimes, which have created so much suffering in recent years. If this House of Representatives refuses to appropriate the amount of money which Mr. J. Edgar Hoover originally requested and which he deems necessary and required for the efficient operation of the Federal Bureau of Investigation, then this House of Representatives and the Congress must stand responsible for any increase in kidnaping, white slavery, extortion, and other crimes.

HOUSE PUT ON GUARD

The House of Representatives was put on guard at that moment by the gentlewoman from Indiana of the great need of adequate funds in the Federal Bureau of Investigation. She made this further challenge:

But if this House of Representatives adopts a penny-wise and pound-foolish procedure and skimps and curtails the funds of this most important bureau in Federal service, we will be indirectly helping kidnapers and white slavers who fear the properly financed activities of the Federal Bureau of Investigation.

This House took the penny-wise path, and the next day when the gentlewoman from Indiana [Mrs. JENCKES] submitted an amendment proposing to increase the F. B. I. appropriation by \$337,160 the chairman of the subcommittee, who now tells the press and the Nation that the deficiency must be laid at the doorstep of either the F. B. I. or the authorities controlling budgetary estimates, took the floor in opposition to the amendment.

Urging Congress to reject the amendment, the chairman of the subcommittee [Mr. McMILLAN] declared on this floor:

I feel that the \$75,000 this committee has put in here is about as far as we can go at this time, and for this reason I must regretfully say that it will be necessary to oppose the amendment offered by the gentlewoman from Indiana.

The chairman of the subcommittee heard the Attorney General tell that the Bureau of the Budget has cut the F. B. I. appropriation, and he heard the Director of the F. B. I. tell of the great increase in work and the amount of overtime necessary and the great number of cases pending which could not even be investigated. Then a Member of this House sounded a note of warning before this body. But Congress turned thumbs down on additional money for the Federal Bureau of Investigation.

In the face of these facts and the statement of the subcommittee chairman that the money granted "is about as far as we can go" where does the responsibility rest? There is certainly no place for it on the doorstep of the F. B. I. Perhaps some responsibility should go to the Bureau of the Budget for not fully recognizing the needs of the F. B. I., but in the final analysis it all comes back to Congress, which upheld its committee in denying additional funds in the face of the evidence before it.

F. B. I.'S OWN FIGURES

Now let us use a little simple arithmetic and let me repeat what I pointed out in this connection 1 week ago. In making his budget request for the F. B. I., the Attorney General asked for \$6,530,196. The Bureau of the Budget cut it down to \$5,925,000, but Congress raised the figure a trifle bringing the amount to an even \$6,000,000. By subtraction we find Mr. Cummings' estimate was slashed \$530,196 with the approval of Congress. Of this amount, \$337,160 was requested for 81 additional agents to relieve the strained situation existing then and which still exists. These additional men were denied so that amount deducted from the \$530,196 leaves a balance of \$193,036 for operating expenses in 1938, according to F. B. I. estimates. With an already existing deficit of \$65,000 and the necessary funds to give the Nation protection of the full force of agents instead of the half force now on duty, it is estimated \$173,000 will be necessary. Therefore, was the original estimate of the F. B. I. far from correct?

SALARY LIE SPIKED

At this point I want to spike another lie which is making rounds and which is likely to appear in print in one of the Nation's metropolitan dailies within the next few hours. That is to the effect that certain salary increases made effective last January 1 is largely to blame for the crisis existing in the F. B. I. today.

It is true that a few small salary increases were made the first of the year to agents in reward for their faithful service, initiative, and extra long hours put in on the job. But on the 1st of April, when the present emergency started to become acute, the F. B. I. salary deficit amounted to only slightly more than \$3,000.

A few salary increases were recommended to become effective on January 1, 1938. At the time, however, that increases were recommended there was no deficit in the item of "Field salaries." Subsequent to the granting of the increases a number of emergency matters which could not have been foreseen or anticipated developed, such as the Levine kidnaping case in February 1938; the unusual developments in the Ross kidnaping case in September 1937, the investigative results of which are well known; and then the unusual developments in the Fried kidnaping case. It was also necessary that a large concentration of agents be made in Harlan County, Ky., to conduct the necessary investigation in connection with the violence cases; and then, too, there were unexpected developments in the Kansas City election-fraud cases, necessitating investigations in 32 precincts. There remain 428 precincts to be investigated. As of May 1, 1938, some 97 convictions have been obtained and no acquittals, but the statute of limitations in all of these cases will run in November 1939, and it is necessary to keep a permanent force of agents assigned to these cases to bring them to a successful close. In addition, three extensive mail-fraud cases in Los Angeles arose.

In connection with the present deficit, it should not be overlooked that at the close of the fiscal year 1937, \$109,402 was returned to the Treasury Department which was originally allotted to the F. B. I. and which, through efficient operation, was not used.

We are living on borrowed time. The underworld has been most generous in the last 10 days since half of our national force of G-men have been removed from their posts throughout the Nation. For the sake of the Nation, we had best not tarry longer. Let us accept the responsibility and appropriate an emergency \$173,000 and get these agents back on the job.

Mr. DIRKSEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, last fall the Interstate Commerce Commission observed its fiftieth or golden anniversary, and any Commission that can survive for 50 years the vicissitudes of party politics, when Democrats are in power and Repub-

licans are in power, needs no defense really on the floor of this House. I think there might be something added here that is rather illuminating and this might be an answer to the allegation made by the gentleman from New York as to why that Commission is so far behind with its work. Ordinarily if someone makes that charge in the Well of this House it sounds rather serious. It sounds rather serious to say that an agency is 18 months or 2 years behind with its work. Let us take this Motor Carrier Act that we put on the books 2 years ago as an example. After that act was put on the books and jurisdiction for its enforcement vested in the Interstate Commerce Commission, it first had to go to the Bureau of the Budget and get an appropriation, then it came before the Appropriations Committee of the House to justify the expenditure. I will not forget the first time I listened to those gentlemen from the Interstate Commerce Commission. After the Budget Bureau had pared them down to \$3,000,000, they told our subcommittee it would take \$7,000,000 to do the job, as I remember the figures correctly. How are you going to permit them to catch up with their work? How is there going to be any currency about their functions and activities if you give them less than half of what they asked the Bureau of the Budget for in the first place? That is the answer.

What answer did we make to their request? As I recall it, we said: "Do not proceed too fast. We do not want you to set up an agency down there that will be on a poor foundation. We want you to be very selective and cautious in your personnel; so we do not want you to have more than this amount of money in the first year, and in the second year, for the purpose of setting up this agency and getting your feet under you."

Now, then, if anybody is to blame for that kind of a commission, it is the Congress of the United States, and not an agency that has functioned so efficiently for 50 years and along with it, has grown in the esteem, regard, and affection of the American people as has no other agency. I am not afraid to repose my case with the Interstate Commerce Commission. [Applause.]

Mr. PETTENGILL. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, my own personal view is that the argument made by the gentleman from New York [Mr. WADSWORTH], the gentleman from Michigan [Mr. MAPES], and others on behalf of this matter eventually getting into the Interstate Commerce Commission insofar as the fixing of rates is concerned is what we must do. I went along with the majority of the committee only because they agreed to put down at the bottom of page 4 and at the top of page 5 of the report the recommendation that eventually this will get into the hands of the Interstate Commerce Commission as now or as later reconstituted.

Mr. Chairman, we are confronted here with a practical matter. The aeronautics industry of America is in a chaotic condition today. Many important air lines are threatened with receivership and insolvency. As a practical matter, I went along with the committee, believing that this is the only way to operate this year. We all know that legislation with respect to the Interstate Commerce Commission, the railroads and transportation facilities generally, has been pending and a study of the whole matter has been recommended by the President. We know we cannot act during this session of Congress, and it is imperative, Mr. Chairman, that we act now with reference to the aeronautics industry of America. It is for this reason, as a practical matter, that I recommend we adhere to the majority report, rather than the minority report, at this time.

At the next session of the Congress it is my hope that all rate-making business of all competing transportation agencies may be centered in the Interstate Commerce Commission, or some commission of that character, so that all of these competing agencies will be treated fairly and equitably

by the same agency, rather than have a struggle for jurisdiction and the expansion of authority by many competing agencies.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. MAPES].

The question was taken; and on a division (demanded by Mr. MAPES) there were—ayes 46, noes 72.

So the amendment was rejected.

Mr. LEA. Mr. Chairman, in view of the fact it seems impracticable to finish this bill tonight, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. RAYBURN] having assumed the chair, Mr. GRISWOLD, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H. R. 9738, had come to no resolution thereon.

MEMORIAL TO THE MEMORY OF NEWTON D. BAKER

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent for the present consideration of House Joint Resolution 656.

The Clerk read the resolution, as follows:

House Joint Resolution 656

Resolved, etc., That the sum of \$55,000 be, and the same is hereby, authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, for the erection of a memorial to the memory of Newton D. Baker, former Secretary of War of the United States, at Martinsburg, in the State of West Virginia, with the advice of the Commission of Fine Arts. The said sum shall be expended under the direction of the Secretary of the Interior: Provided, That the county of Berkeley or the citizens thereof shall cede and convey to the United States such suitable site as may in the judgment of the Secretary of the Interior be required for said memorial: And provided further, That the United States shall have no responsibility for the care and upkeep of the memorial.

Mr. RICH. Reserving the right to object, Mr. Speaker, may I ask the gentleman from West Virginia if this memorial has been approved by the new commission that was set up for the approval of monuments and parks?

Mr. RANDOLPH. I may say to the gentleman from Pennsylvania the amount as read was \$55,000, but the amount has been reduced by the committee to \$25,000. The resolution comes from the Committee on the Library with the unanimous approval of the full committee, including the gentleman from Massachusetts [Mr. TREADWAY] and the gentleman from New York [Mr. LORD]. This resolution is similar to the one passed for the gentleman from Ohio [Mr. WHITE] the other day in the same amount. The memorial would be erected with the advice of the Commission of Fine Arts.

Mr. RICH. The Committee on the Library does not have the authority of this Congress to pass upon these bills.

Mr. KELLER. Wherever the monument is within the District of Columbia we always refer the matter to that Commission, and that is as far as the Commission's powers go. We do not refer matters outside the District to the Commission as it has no power outside of the District of Columbia.

Mr. RICH. Does the gentleman refer to the bill passed here 2 years ago?

Mr. KELLER. Yes.

Mr. RICH. The gentleman is mistaken on that.

Mr. KELLER. No; I read up on the question.

Mr. RICH. That bill was passed for the purpose of having approved by that Commission any monument or park or recreation ground to be established by the Government.

Mr. KELLER. The gentleman is mistaken. I looked the matter up after the gentleman called my attention to it, and the gentleman is wrong on that.

Mr. RICH. Mr. Speaker, at this time I must object to the consideration of the bill, until the approval of that commission has been obtained.

EXTENSION OF REMARKS

Mr. PETTENGILL, Mr. MAVERICK, and Mr. MURDOCK of Arizona asked and were given permission to extend their own remarks in the RECORD.

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made a few moments ago and include therein some brief testimony by the Attorney General and a quotation of one paragraph from the RECORD of May 6.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. SNELL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a letter I received today from one of my constituents.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MEAD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a radio speech I delivered recently, also a telegram I have received from my colleague, the gentleman from New York [Mr. KELLY].

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

NATIONAL LABOR RELATIONS BOARD

The SPEAKER pro tempore. Under a previous order of the House the gentleman from Missouri [Mr. ANDERSON] is recognized for 10 minutes.

Mr. ANDERSON of Missouri. Mr. Speaker, as a member of the Military Affairs Committee of this House I feel it my duty to call your attention to a condition that strikes at the fundamentals of our national defense.

The backbone of our national defense is our Air Corps, and particularly our G. H. Q. air force, which consists mainly of bombers and protective aircraft.

The effectiveness of our air force is dependent upon the output, efficiency, morale, and above all, integrity of our aircraft factories. I do not think anyone in this House cares to dispute the truth of that statement.

But, Mr. Speaker, we have an agency of this Government that openly disregards every elementary rule of fair conduct and places the defenses of our Nation in a position of imminent peril.

One of the most glaring examples of bias, unfairness, and utter disregard of the law of the land handed down so far by the National Labor Relations Board is in the case against the Douglas Aircraft Co., Inc., of Santa Monica, Calif.

Mr. Speaker, the Douglas Co. manufactures a large percentage of the aircraft used by the Army and Navy. Their latest production is the big superbomber known as the B-18. It is a long-range bimotored bomber, generally recognized as an integral and indispensable unit in our scheme of national defense.

The National Labor Relations Board just recently handed down a decision ordering the Douglas Co. to reinstate a group of employees who were convicted of seizing the Douglas plant by means of unlawful violence. Among those ordered reinstated, with back pay, was one convicted of a felony, Jack (Red) Ortman, an alien who had secured employment by concealing his foreign citizenship.

This Mr. Ortman, this alien, was one of the ringleaders in the unlawful seizure of the Douglas plant. The official transcript of this case is full of references to him as one of those who broke down the barricade protecting the hangar and the experimental Army bomber. He was also identified as the man who was leader of the group which placed pans of highly inflammable lacquer thinner around the Army bomber and made ready with a welding outfit to set it and the entire Douglas factory afire. But this is only a part of it.

At the time of the seizure of the Douglas plant by just 350 or approximately 4,023 employees of the Douglas Co. this company had outstanding and in full force certain contracts with the United States Government for the building and delivery on schedule of airplanes for the Army, notably these B-18 bombers.

Every contract executed by the Secretary of War for the United States Government for the procurement of airplanes for the Army contains a provision that the contract is executed pursuant to section 10 of the Air Corps Act of July 2, 1936 (44 Stat. L., ch. 721), which statute provides as follows:

* * * And no aliens employed by a contractor for furnishing or constructing aircraft or aircraft parts or aeronautical accessories for the United States shall be permitted to have access to the plans and specifications or the work under construction, or to participate in the contract trials without the written consent beforehand of the Secretary of the Department concerned.

Now, at the time of the seizure of the Douglas plant it was not known that Jack Ortman was an alien. Immediately after the sit-down strike and the unlawful seizure of the Douglas plant, and after indictment of the sit-down strikers by the grand jury of Los Angeles County and the ejection of the strikers from the plant, the Douglas Co. was informed that Ortman had approached the district attorney with the view of making some sort of compromise whereby he might not be convicted of a felony under the indictment as issued.

Ortman explained to the district attorney that he was an alien and not a citizen of the United States, and if convicted of a felony would be automatically subject to deportation.

The Douglas Co.'s first notice was received after Ortman made his contact with the district attorney. He had not given the company any indication that he was an alien at the time he was hired. The Douglas Co. verified the fact that he was an alien, produced this fact in evidence at the hearing before the National Labor Relations Board, and said that he was ineligible under the Air Corps Act and for other reasons for reinstatement at the Douglas plant.

Now, what did the Labor Relations Board do?

Despite the fact that the Air Corps Act provides that no alien can be employed in the construction of military aircraft, the Labor Board found that this Mr. Ortman, this alien, was discriminated against because of union activities. The Board then ordered him reinstated with back pay.

Now, Mr. Speaker, let us all get the significance of this. Here is a man employed in an aircraft factory—the fact that he is an alien not being known to the employer—one of a small group who threatens and makes ready to destroy the plant and the Army equipment therein; a man who is arrested, indicted, and convicted by a jury of a felony, and it develops he is an alien.

The fact that this man is an alien was verified and admitted under oath by Ortman in the hearing before the National Labor Relations Board. Now, this Board knows he is an alien, knows he is ineligible for reinstatement because he is an alien, knows that the Air Corps Act prevents his reinstatement, but it defies the law, disregards the evidence, seriously imperils the national defense, and orders the company to rehire him with back pay, on the grounds that he had been discriminated against for union activities. The Labor Board totally disregarded the fact that the Air Corps Act prohibited the rehiring of this alien.

Through what line of reasoning could anyone interested in the welfare of his country make such a ruling? How, Mr. Speaker, can we protect ourselves? Under this ruling any alien wanting to learn the secrets of our national defense might so hide his record as to obtain employment at an aircraft plant, start a so-called labor controversy and be ordered rehired by the Labor Board despite the fact that he is an alien and had access to the military secrets of this Nation.

In all my years in public and private life I have never seen such arrogant and flagrant violation of public confidence as in this ruling. In the name of God how are we going to

protect our Nation against this sort of outrageous conduct by an agency of the Government itself?

Is this House going to sit idly by and permit the National Labor Relations Board to approve and sanction this condition when the Government is doing everything in its power to maintain and preserve the national-defense program laid down by President Roosevelt? [Applause.]

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. PHILLIPS (at the request of Mr. SMITH of Connecticut), for 1 day, on account of important business.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 6652. An act to provide for the administration and maintenance of the Natchez Trace Parkway in the States of Mississippi, Alabama, and Tennessee, by the Secretary of the Interior, and for other purposes; and

H. R. 9725. An act to liberalize the provisions of existing laws governing death-compensation benefits for widows and children of World War veterans, and for other purposes.

BILLS AND JOINT RESOLUTIONS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills and joint resolutions of the House of the following titles:

H. R. 906. An act for the relief of McShain Co., Inc.;

H. R. 1099. An act for the relief of the New York & Baltimore Transportation Line, Inc.;

H. R. 1249. An act for the relief of L. M. Crawford;

H. R. 1258. An act for the relief of E. G. Briseno and Hector Briseno, a minor;

H. R. 1904. An act for the relief of Florenz Gutierrez;

H. R. 1930. An act for the relief of William H. Ames;

H. R. 2006. An act to permit certain special-delivery messengers to acquire a classified status through noncompetitive examination;

H. R. 3609. An act to protect the salaries of rural letter carriers who transfer from one rural route to another;

H. R. 4018. An act for the relief of Orville Ferguson;

H. R. 4275. An act to correct United States citizenship status of certain persons born in Puerto Rico, and for other purposes;

H. R. 4340. An act for the relief of J. F. Stinson;

H. R. 4564. An act for the relief of the Floridian Press of Jacksonville, Inc., Jacksonville, Fla.;

H. R. 4819. An act for the relief of Joseph Zani;

H. R. 5056. An act for the relief of A. R. Wickham;

H. R. 5623. An act for the relief of Darwin Engstrand, a minor;

H. R. 5842. An act for the relief of John G. Edwards;

H. R. 5867. An act for the relief of Peter Wettern;

H. R. 6062. An act for the relief of Harry P. Russell, a minor;

H. R. 6479. An act for the relief of Guy Salisbury, alias John G. Bowman, alias Alva J. Zenner;

H. R. 6656. An act making the 11th day of November in each year a legal holiday;

H. R. 6708. An act for the relief of S. T. Roebuck;

H. R. 6780. An act for the relief of Mildred G. Yund;

H. R. 6803. An act for the relief of Mrs. Newton Petersen;

H. R. 6885. An act for the relief of Ephriam J. Hicks;

H. R. 7259. An act to authorize the conveyance by the United States to the city of Ketchikan, Alaska, of a certain tract of land in the town site of Ketchikan;

H. R. 7443. An act for the relief of Wilson H. Parks, Elsa Parks, and Jessie M. Parks;

H. R. 7500. An act for the relief of Shelba Jennings;

H. R. 7521. An act for the relief of Joe F. Pedlichek;

H. R. 7601. An act for the relief of Eula Scruggs;
 H. R. 7675. An act for the relief of Newark Concrete Pipe Co.;
 H. R. 7796. An act for the relief of Frank Scofield;
 H. R. 8403. An act to ratify and confirm Act 23 of the Session Laws of Hawaii, 1937, extending the time within which revenue bonds may be issued and delivered under Act 174 of the Session Laws of Hawaii, 1935;
 H. R. 9042. An act to amend section 2 of the act to incorporate the Howard University;
 H. R. 9198. An act for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department;
 H. R. 9226. An act to amend the act of March 9, 1928, authorizing appropriations to be made for the disposition of remains of military personnel and civilian employees of the Army, and for other purposes;
 H. R. 9286. An act to extend the time for completing the construction of a bridge across the Ohio River at or near Cairo, Ill.;
 H. R. 9349. An act for the relief of the Nicolson Seed Farms, a Utah corporation;
 H. R. 9415. An act to amend the act entitled "An act to establish a Civilian Conservation Corps, and for other purposes", approved June 28, 1937;
 H. R. 9526. An act to amend the act of May 27, 1908, authorizing settlement of accounts of deceased officers and enlisted men of the Navy and Marine Corps;
 H. R. 9601. An act to amend the acts for promoting the circulation of reading matter among the blind;
 H. R. 9760. An act to amend the act of March 2, 1899, as amended, to authorize the Secretary of War to permit allotments from the pay of military personnel and permanent civilian employees under certain conditions;
 H. R. 9764. An act to authorize an appropriation for reconstruction at Fort Niagara, N. Y., to replace loss by fire;
 H. R. 9784. An act to authorize an appropriation to aid in defraying the expenses of the observance of the seventy-fifth anniversary of the Battle of Gettysburg, to be held at Gettysburg, Pa., from June 29 to July 6, 1938, and for other purposes;
 H. R. 9912. An act to convey to the University of Alaska a tract of land for use as the site of a fur farm experiment station;
 H. R. 9942. An act to authorize the conveyance of the Mattapoisett (Ned Point) Lighthouse Reservation at Mattapoisett, Mass., to the town of Mattapoisett;
 H. R. 9973. An act to improve the efficiency of the Lighthouse Service, and for other purposes;
 H. R. 10085. An act to authorize the payment of an indemnity to the Norwegian Government in full and final satisfaction of all claims based on the detention and treatment of the crew of the Norwegian steamer *Sagatind* subsequent to the seizure of this vessel by the United States Coast Guard cutter *Seneca* on October 12, 1924;
 H. R. 10316. An act to amend section 203 of the Merchant Marine Act, 1936, and for other purposes;
 H. J. Res. 141. Joint resolution to authorize the issuance to Sekizo Takahashi of a permit to reenter the United States;
 H. J. Res. 150. Joint resolution to permit a compact or agreement between the States of Idaho and Wyoming respecting the disposition and apportionment of the waters of the Snake River and its tributaries, and for other purposes;
 H. J. Res. 599. Joint resolution to set apart public ground for the Smithsonian Gallery of Art, and for other purposes; and
 H. J. Res. 636. Joint resolution to authorize an appropriation for the expenses of participation by the United States in the Fourth International Conference on Private Air Law.

ADJOURNMENT

Mr. LEA. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 39 minutes p. m.) the House adjourned until tomorrow, Tuesday, May 10, 1938, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON NAVAL AFFAIRS

There will be a full open hearing before the Committee on Naval Affairs Tuesday, May 10, 1938, at 10 a. m. for the continuation of consideration of H. R. 9220, to authorize the Secretary of the Navy to proceed with certain improvements at the Naval Torpedo Station, Newport, R. I.; and H. R. 10433, to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes.

COMMITTEE ON THE DISTRICT OF COLUMBIA

The subcommittee on fiscal affairs of the Committee on the District of Columbia will meet at 10:30 a. m. Tuesday, May 10, 1938, to consider H. R. 8674—increase of wages for guards and prison employees.

COMMITTEE ON THE JUDICIARY

Subcommittee No. 1 of the Committee on the Judiciary will hold further hearings on the bill (H. R. 9745) to provide for guaranties of collective bargaining in contracts entered into and in the grant or loans of funds by the United States, or any agency thereof, and for other purposes, at 10 a. m. Tuesday, May 10, 1938, in the Judiciary Committee room, No. 346, House Office Building.

There will be a hearing held before the Committee on the Judiciary Wednesday, May 18, 1938, and Thursday, May 19, 1938, on the resolutions proposing to amend the Constitution of the United States to provide suffrage for the people of the District of Columbia. The hearing will be held in the caucus room of the House Office Building beginning at 10 a. m. on the days mentioned.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the Committee on Immigration and Naturalization on Wednesday, May 11, 1938, at 10:30 a. m., for the consideration of private bills and unfinished business. Room 445, House Office Building.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of Mr. LEA's subcommittee of the Committee on Interstate and Foreign Commerce at 10 a. m. Wednesday, May 11, 1938, for the continuation of a hearing on (H. R. 9909) wool labeling.

There will be a meeting of Mr. MALONEY's subcommittee of the Committee on Interstate and Foreign Commerce at 10 a. m. Friday May 13, 1938. Business to be considered: Hearing on H. R. 4358, train dispatchers' bill.

There will be a meeting of Mr. SADOWSKI's subcommittee of the Committee on Interstate and Foreign Commerce at 10 a. m. Wednesday, May 18, 1938, for the consideration of H. R. 9739, to amend the Motor Carrier Act.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1304. A letter from the United States Greater Texas and Pan American Exposition Commission, transmitting the report to Congress of the Government of the United States participation in the Greater Texas and Pan American Exposition at Dallas, Tex., during the year 1937 (H. Doc. No. 622); to the Committee on Foreign Affairs and ordered to be printed.

1305. A communication from the President of the United States, transmitting supplemental estimate of appropriation for the fiscal year 1938, amounting to \$108,000, for the Department of Justice (H. Doc. No. 625); to the Committee on Appropriations and ordered to be printed.

1306. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the legislative establishment, United States Senate, for the fiscal year 1938, in the sum of \$65,000 (H. Doc. No. 624); to the Committee on Appropriations and ordered to be printed.

1307. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the fiscal year 1939 for the Navy, Treasury, and War Departments, amounting in all to \$6,065,000 (H. Doc. No. 623); to the Committee on Appropriations and ordered to be printed.

1308. A communication from the President of the United States transmitting an appropriation for the administrative expenses of the various departments and establishments, including the Puerto Rico Reconstruction Administration, in connection with the relief program for the fiscal year 1939, \$50,000,000 (H. Doc. No. 626); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ELLIOTT: Committee on the Public Lands. H. R. 6591. A bill to exempt from cancellation certain desert-land entries in Riverside County, Calif; without amendment (Rept. No. 2313). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROMJUE: Committee on the Post Office and Post Roads. H. R. 2690. A bill granting annual and sick leave with pay to substitutes in the Postal Service; with amendment (Rept. No. 2314). Referred to the Committee of the Whole House on the state of the Union.

Mr. DOUGHTON: Committee on Ways and Means. H. R. 10535. A bill to amend the Second Liberty Bond Act, as amended; without amendment (Rept. No. 2315). Referred to the Committee of the Whole House on the state of the Union.

Mr. HAINES: Committee on the Post Office and Post Roads. H. R. 2716. A bill to provide for the local delivery rate on certain first-class mail matter; with amendment (Rept. No. 2316). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H. R. 8661) for the relief of Roy Masters Worley and the same was referred to the Committee on Military Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. LEMKE: A bill (H. R. 10570) to relieve the existing national economic emergency by postalizing transportation rates; to provide for the coordination, equalization, and reduction of transportation fares and charges for the purpose of inducing the increased use and employment of railroad facilities; to provide emergency relief with respect to such coordination, equalization, and reduction of transportation fares and charges; to provide for the incorporation of the Railroad Postalized Fare Guaranty Corporation in order to allot and apportion just and equitable indemnification to the railroad carriers; to provide an appropriation for extraordinary expenses incurred by reason of such emergency; to provide for the orderly application of such emergency relief; and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. CLARK of Idaho: A bill (H. R. 10571) providing for a moratorium on mortgages held by the Farm Credit Administration, and for other purposes; to the Committee on Agriculture.

By Mr. MARTIN of Colorado: A bill (H. R. 10572) to amend sections 811 (b) and 907 (c) of the Social Security Act; to the Committee on Ways and Means.

By Mr. WELCH: A bill (H. R. 10573) to authorize operating subsidy contracts for vessels engaged in the intercoastal commerce of the United States, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. JOHNSON of Minnesota: A bill (H. R. 10574) to abolish and correct unfair and substandard working conditions and periods of labor and to raise wages and living standards among the employees of the United States Veterans' Administration; to the Committee on the Civil Service.

By Mr. COX: A bill (H. R. 10575) declaring Devil's Den Springs, in Decatur County, Ga., to be nonnavigable; to the Committee on Rivers and Harbors.

By Mr. COLLINS: A bill (H. R. 10576) to authorize the appropriation to the Government of the Virgin Islands of the United States of taxes collected under the internal-revenue laws of the United States on articles produced in the Virgin Islands and transported to the United States, and for other purposes; to the Committee on Ways and Means.

By Mr. SMITH of Maine: A bill (H. R. 10577) to extend the provisions of the act entitled "An act for the establishment of marine schools, and for other purposes," approved March 4, 1911, to marine schools at Rockland, Maine; to the Committee on Naval Affairs.

By Mr. LEMKE: Resolution (H. Res. 494) directing the Interstate Commerce Commission to investigate the practicability of the plan to postalize passenger transportation; to the Committee on Interstate and Foreign Commerce.

By Mr. O'CONNOR of New York: Resolution (H. Res. 495) providing for the consideration of House Resolution 478, a resolution making S. 2475, "An act to provide for the establishment of fair labor standards in employment in and affecting interstate commerce, and for other purposes," a special order of business; to the Committee on Rules.

By Mr. WOODRUM: Joint resolution (H. J. Res. 678) making an additional appropriation for grants to States for unemployment compensation administration, Social Security Board, for the fiscal year ending June 30, 1938; to the Committee on Appropriations.

By Mr. TAYLOR of Colorado: Joint resolution (H. J. Res. 679) making appropriations for work relief, relief, and otherwise to increase employment by providing loans and grants for public works projects; to the Committee on Appropriations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOLAND of Pennsylvania: A bill (H. R. 10578) for the relief of Mary Frost and Joseph F. Frost; to the Committee on Claims.

By Mr. COX: A bill (H. R. 10579) for the relief of J. D. McGee; to the Committee on Claims.

Also, a bill (H. R. 10580) for the relief of C. J. Williams; to the Committee on Claims.

By Mr. FRIES of Illinois: A bill (H. R. 10581) for the relief of William H. Harris; to the Committee on Military Affairs.

Also, a bill (H. R. 10582) for the relief of Fred T. Gordon and Bert N. Richardson; to the Committee on Claims.

By Mr. HOBBS: A bill (H. R. 10583) for the relief of Tom M. Jones; to the Committee on Claims.

By Mr. REECE of Tennessee: A bill (H. R. 10584) for the relief of Charles Flack; to the Committee on Claims.

Also, a bill (H. R. 10585) granting a pension to W. C. Ryan; to the Committee on Invalid Pensions.

By Mr. RICH: A bill (H. R. 10586) for the relief of James T. Crowley; to the Committee on the Civil Service.

By Mrs. ROGERS of Massachusetts: A bill (H. R. 10587) for the relief of Francis G. McDougall; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

5069. By Mr. COFFEE of Washington: Resolution of the thirty-first district assembly of the Washington Commonwealth Federation at Renton, Wash., Mildred McK. Jones, secretary, urging passage of the O'Connell joint resolution (H. J. Res. 527) as the best means to stop America's indirect aid to Fascist enemies and to remove the penalties which our present Neutrality Act places upon friendly democratic nations defending themselves against international marauders; to the Committee on Foreign Affairs.

5070. Also, resolution of the Sawmill and Timber Workers' Union, Local No. 2, of the I. W. A., at Aberdeen, Wash., Art Anderson, recording secretary, opposing sale of helium gas to any foreign nation, and especially Nazi Germany; opposing any changes in the Wagner Labor Relations Act; endorsing and urging passage of the wage and hour bill; and supporting the President's efforts to bring about recovery by an expanded spending program; to the Committee on Appropriations.

5071. By Mr. CROWTHER: Petition of the League of Women Voters, Schenectady, N. Y., Consumers' Cooperative, Inc., Local 333, U. R. E. A., and citizens of Schenectady, N. Y., requesting favorable action on the O'Connell amendment to House Joint Resolution 527; to the Committee on Foreign Affairs.

5072. By Mr. Fitzpatrick: Petition of the staff of the Yonkers Public Library, Yonkers, N. Y., urging the support of the Harrison-Thomas-Fletcher bill (H. R. 10340) for Federal aid to education, including libraries; to the Committee on Education.

5073. Also, petition of the Parents' Association of Public School No. 38, Bronx, New York City, N. Y., protesting against the dismissal of any G-men resulting from the cut in the appropriations for the Federal Bureau of Investigation and favoring the passage of the new bill appropriating the sum required to carry on the splendid work of the G-men; to the Committee on Appropriations.

5074. By Mr. LUTHER A. JOHNSON: Petition of Dr. I. R. McCollough, of Hillsboro, Tex., favoring House bill 8176, by Representative EDMISTON; to the Committee on Military Affairs.

5075. By Mr. KRAMER: Resolution of the Board of Supervisors of the County of Los Angeles relative to urging the passage of House bill 9047; to the Committee on Interstate and Foreign Commerce.

5076. Also, resolution of the Board of Supervisors of the County of Los Angeles, relative to Federal aid to the States for highway purposes, etc.; to the Committee on Appropriations.

SENATE

TUESDAY, MAY 10, 1938

(Legislative day of Wednesday, April 20, 1938)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Monday, May 9, 1938, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments

of the Senate to the bill (H. R. 4276) to amend the act entitled "An act to create a juvenile court in and for the District of Columbia," and for other purposes.

The message also announced that the House had disagreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7084) to provide that all cabs for hire in the District of Columbia be compelled to carry insurance for the protection of passengers, and for other purposes; that the House insisted upon its disagreement to the amendments of the Senate to the said bill, asked a further conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. PALMISANO, Mr. NICHOLS, and Mr. DIRKSEN were appointed managers on the part of the House at the conference.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H. R. 6652. An act to provide for the administration and maintenance of the Natchez Trace Parkway, in the States of Mississippi, Alabama, and Tennessee, by the Secretary of the Interior, and for other purposes; and

H. R. 9725. An act to liberalize the provisions of existing laws governing death-compensation benefits for widows and children of World War veterans, and for other purposes.

CALL OF THE ROLL

Mr. BARKLEY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Johnson, Colo.	O'Mahoney
Andrews	Davis	King	Overton
Ashurst	Dieterich	La Follette	Pittman
Austin	Donahay	Lee	Pope
Bailey	Duffy	Lodge	Radcliffe
Bankhead	Ellender	Logan	Russell
Barkley	Frazier	Loneragan	Schwartz
Bilbo	George	Lundeen	Schwellenbach
Bone	Gerry	McAdoo	Sheppard
Borah	Gibson	McCarran	Shipstead
Brown, Mich.	Gillette	McGill	Thomas, Okla.
Brown, N. H.	Glass	McKellar	Thomas, Utah
Bulow	Hale	McNary	Townsend
Burke	Harrison	Maloney	Truman
Byrd	Hatch	Miller	Tydings
Byrnes	Hayden	Milton	Vandenberg
Capper	Herring	Minton	Van Nuys
Caraway	Hill	Murray	Walsh
Chavez	Hitchcock	Neely	White
Clark	Holt	Norris	
Connally	Johnson, Calif.	Nye	

Mr. MINTON. I announce that the Senator from Delaware [Mr. HUGHES] and the Senator from Oregon [Mr. REAMES] are detained from the Senate because of illness.

The Senator from Tennessee [Mr. BERRY], the Senator from Ohio [Mr. BULKLEY], the Senator from Rhode Island [Mr. GREEN], the Senator from Pennsylvania [Mr. GUFFEY], the Senator from Illinois [Mr. LEWIS], the Senator from Florida [Mr. PEPPER], the Senator from North Carolina [Mr. REYNOLDS], the Senator from New Jersey [Mr. SMATHERS], the Senator from South Carolina [Mr. SMITH], and the Senator from New York [Mr. WAGNER] are detained on important public business.

The Senator from Montana [Mr. WHEELER] is unavoidably detained.

Mr. AUSTIN. I announce that the Senator from New Hampshire [Mr. BRIDGES] is necessarily absent from the Senate.

The VICE PRESIDENT. Eighty-two Senators have answered to their names. A quorum is present.

JUVENILE COURT FOR THE DISTRICT OF COLUMBIA

Mr. KING submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4276) to amend an act entitled "An act to create a juvenile court in and for the District of Columbia," and for other purposes, having met,